



Office of Budget
Department of the Navy

Highlights of the Department of the Navy FY 2001 Budget



Reserves Personnel, Navy
Reserves Personnel, Marine Corps
TOTAL, Military Personnel

O&M, Navy
O&M, Marine Corps
O&M, Navy Reserve
O&M, Marine Corps Reserve
Environmental Restoration
Kaho'olawe Island
TOTAL, O&M

Aircraft Procurement, Navy
Weapons Procurement, Navy
Shipbuilding & Conversion, Navy
Other Procurement, Navy
Procurement, Marine Corps
Procurement of Ammunition, Navy and Marine Corps
TOTAL, PROCUREMENT

Research, Development, Test and Evaluation, Navy
National Defense Sealift Fund
Military Construction, Navy
Military Construction, Naval Reserve
Family Housing, Navy and Marine Corps
Base Realignment and Closure
TOTAL, DON



FY 2001
17,743
6,822
1,528
436
26,529

22,300
2,706
961
134
294
25
27,420

7,964
1,434
12,297
3,335
1,722



February 2000

HIGHLIGHTS OF THE DEPARTMENT OF THE NAVY

FY 2001 BUDGET

TABLE OF CONTENTS

Section I - Introduction

Introduction	1 - 1
Appropriation Summary	1 - 3
Derivation of FY 2000 Estimates	1 - 4
Resource Trends	1 - 5

Section II - Readiness

Readiness	2 - 1
Ship Operations	2 - 3
Battle Force Ships	2 - 3
Operating Tempo (OPTEMPO)	2 - 4
Reserve Battle Force Ships	2 - 5
Mobilization	2 - 7
Ship Depot Maintenance	2 - 8
Air Operations.	2 - 9
Tactical Air Forces.	2 - 9
Naval Reserve Air Forces	2 - 10
Aircraft OPTEMPO	2 - 11
Aircraft Depot Maintenance	2 - 12
Marine Corps Operations	2 - 14
Marine Corps Active Operations	2 - 14
Marine Corps Reserve Operations	2 - 15
People.	2 - 16
Navy	2 - 17
Marine Corps	2 - 19
Naval Reserve	2 - 20
Marine Corps Reserve	2 - 21

Section III - Recapitalization

Recapitalization	3 - 1
Ship Programs.	3 - 2
Surface Programs	3 - 2
Submarine Programs.	3 - 4
Aviation Programs	3 - 7
Mine Warfare	3 - 10
C4I Programs	3 - 11
Marine Corps Ground Equipment.	3 - 13
Research and Development Support	3 - 15

Section IV - Infrastructure

Base Closure and Realignment II, III & IV	4 - 1
Military Construction	4 - 3
Real Property Maintenance	4 - 4
Navy Working Capital Fund (NWCF)	4 - 5
Civilian Personnel.	4 - 8
Strategic Sourcing.	4 - 9

Section V - Financial Summary

Financial Summary	5 - 1
Summary of Direct Budget Plan, Budget Authority and Outlays	5 - 3

Appendix A - Government Performance and Results Act

Government Performance and Results Act (GPRA)	A - 1
---	-------

Appendix B - Supporting Tables

FY 2001 Budget Summary by Appropriation	B - 1
Military Personnel, Navy	B - 2
Military Personnel, Marine Corps	B - 3
Reserve Personnel, Navy	B - 4
Reserve Personnel, Marine Corps	B - 5
Operation and Maintenance, Navy	B - 6
Operation and Maintenance, Marine Corps	B - 7
Operation and Maintenance, Navy Reserve	B - 8
Operation and Maintenance, Marine Corps Reserve	B - 9
Environmental Restoration, Navy	B -10
Kaho'olawe Island	B -10
Aircraft Procurement, Navy	B -11
Weapons Procurement, Navy.	B -12
Weapons Procurement Six-year Plan	B -12
Shipbuilding and Conversion, Navy	B -13
Other Procurement, Navy	B -14
Procurement, Marine Corps	B -15
Procurement of Ammunition, Navy and Marine Corps	B -16
Research, Development, Test and Evaluation, Navy	B -17
Navy Working Capital Fund	B -18
National Defense Sealift Fund	B -18
Military Construction, Navy and Naval Reserve	B -19
Family Housing, Navy and Marine Corps	B -20
Base Realignment and Closure Accounts.	B -21

SECTION I - INTRODUCTION

This Highlights Book provides a summary of the Department of the Navy (DON) FY 2001 budget to assist members of Congress and their staffs in their review of the President's request. The primary focus for the FY 2001 budget is to protect the near-term readiness of deployed forces and to continue improvements in the support and compensation of our military personnel. This strategy reaffirms a commitment to remain forward-engaged and ready when the Nation calls, and a continuing commitment to the Department's most important asset — outstanding people — and their families, their welfare, and their future.

The FY 2001 DON budget provides resources necessary to maintain near-term readiness, recognizes the critical needs of our Sailors, Marines and their families, invests in smart initiatives for our future, and provides the foundation for a transition to the future. The budget balances short-term needs (readiness, personnel and quality of life) with the long-term needs (modernization of weapons and supporting systems). The budget maintains our fundamental transformation for the future of our naval services while being fiscally balanced. It advances the post-Cold War transformation of America's defense posture recommended by the May 1997 Quadrennial Defense Review. It reflects substantial implementation of this transformation: the foundation is laid, blueprints are agreed upon, and key building blocks are in place.

The increased resources provided by the President and Congress last year helped the DON continue its transition toward improved future capability while ensuring that today's force is ready for today's mission.

Chart 1 - DON Topline FY 1999 - FY 2005

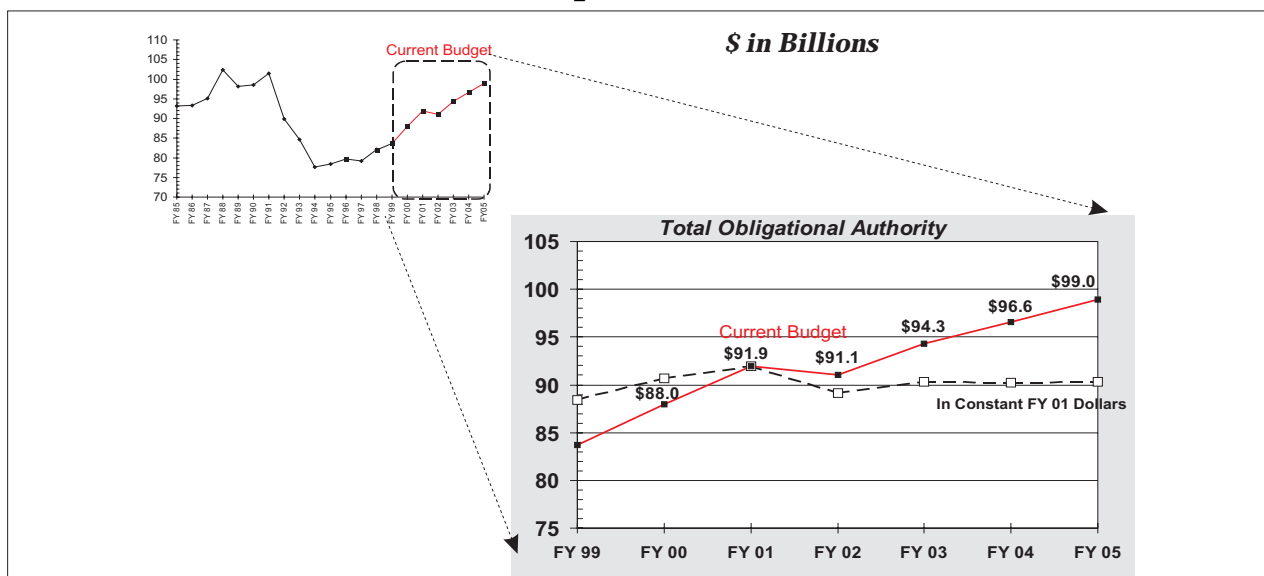


Chart 1 reflects Department of the Navy resources in both current and constant dollars from FY 1999 through FY 2005. The smaller chart provides a historical perspective from FY 1985 through FY 2005.

However, there has been some erosion since last year. At the same time, we are vulnerable to the consequences of the necessary utilization of naval forces and the costs associated with maintaining readiness. Our ships and aircraft are working harder than ever, and our Sailors and Marines continue to incur increasing pressures to meet commitments.

Our budget takes some significant steps in the right direction. First, it sustains the current readiness of our forces by ensuring that key operational accounts (the flying hour, aviation and ship depot maintenance programs) are adequately funded and ensuring that our readiness goals will be met and that our forces will be fully capable of executing the National Military Strategy.



Second, it better resources recruiting and retention. Last year the President proposed the largest increase in military compensation in a generation, and Congress approved and increased that proposal. The FY 2001 budget builds on that achievement. It raises military base pay 3.7 percent further closing the pay gap. A Basic Allowance for Housing (BAH) plan will reduce out-of-pocket costs for military members in FY 2001, and eliminate all such costs by 2005. We are confident that these efforts, along with the Pay Triad and enhanced bonuses and allowances, will help address recruiting and retention concerns. Steps were taken to solve the problems we have been experiencing in timely and accurate delivery of authorized compensation to our military members, and to eliminate a source of dissatisfaction.

Third, recognizing that pay is only one ingredient in improving Quality of Life (QOL), we are continuing our efforts to make the Department a better employer for our Sailors and Marines. To achieve better utilization of our military personnel and alleviate the shortfalls in key billets, we have reapplied over 7,000 military slots over the FYDP to fleet positions. We have expanded the type of “smart work” initiatives introduced in our budget last year to achieve efficiencies and relieve our members of burdensome or unnecessary work. This budget also continues the pursuit of innovative business approaches and exploitation of information technologies. Within the framework of the Revolution in Business Affairs, we are proceeding with implementation of the Navy Marine Corps Intranet (NMCI) on an aggressive schedule. Additionally, we are implementing a series of Enterprise Resource Planning (ERP) pilots, designed to utilize commercially available software packages to replace costly and redundant legacy systems. Combined with our strategic sourcing program, these initiatives should enable the Department to capture the efficiencies needed to reduce future operating costs. For even greater savings, the budget supports the proposal for two more rounds of base closure and realignment.

As can be seen in chart 1, our Future Years Defense Program (FYDP) overall resource trend, adjusted for inflation, is projected to increase

modestly in the outyears after taking into account the carrier construction in FY 2001. Our long-term strategy is to ensure the future readiness of our naval forces through modernization and rebuilding of our capital investments.

Table 1 displays Department of the Navy appropriations for Fiscal Years 1999 through 2001.

APPROPRIATION SUMMARY FY 1999 - FY 2001

Table 1
Department of the Navy
FY 2001 Budget Summary by Appropriation
(In Millions of Dollars)

	FY 1999	FY 2000	FY 2001
Military Personnel, Navy	16,655	17,254	17,743
Military Personnel, Marine Corps	6,211	6,566	6,822
Reserve Personnel, Navy	1,448	1,473	1,528
Reserve Personnel, Marine Corps	398	413	436
Operation and Maintenance, Navy	23,233	22,592	23,300
Operation and Maintenance, Marine Corps	2,675	2,712	2,706
Operation and Maintenance, Navy Reserve	970	964	961
Operation and Maintenance, Marine Corps Reserve	127	138	134
National Guard and Reserve Equipment *	(80)	(20)	-
Quality of Life Enhancements *	(168)	(643)	-
Environmental Restoration, Navy	-	283	294
Kaho'olawe Island	25	35	25
Aircraft Procurement, Navy	7,549	8,823	7,964
Weapons Procurement, Navy	1,608	1,402	1,434
Shipbuilding and Conversion, Navy	5,937	7,017	12,297
Other Procurement, Navy	4,047	4,302	3,335
Procurement, Marine Corps	857	1,294	1,172
Procurement of Ammunition, Navy and Marine Corps	467	588	430
Research, Development, Test & Evaluation, Navy	8,942	9,057	8,477
National Defense Sealift Fund	680	702	388
Navy Working Capital Fund	2	-	-
Military Construction, Navy	608	930	753
Military Construction, Naval Reserve	32	28	16
Family Housing, Navy and Marine Corps	1,195	1,226	1,246
Base Realignment and Closure *	(552)	202	477
TOTAL	\$83,666	\$88,000	\$ 91,938

* Reflects the DON portion of Defense-wide appropriations not included in the DON totals.

Note: totals in tables may not add due to rounding

Table 2 displays a track of FY 2000 appropriation changes since submission of the FY 2000 President's Budget. All appropriations have been adjusted to reflect Congressional action. In individual programs, estimates have been updated to reflect fact of life changes. In some cases, it may be necessary to propose reprogrammings or additional realignments later in the year. The table also does not include other transfers planned but not finalized, such as contingency operations.

DERIVATION OF FY 2000 ESTIMATES

Table 2

**Department of the Navy
FY 2001 Budget Summary
Derivation of FY 2000 Estimates**

	FY 2000 President's Budget	Congres sional Action	Emergency Supplemental	Transfers	FY 2000 Current Estimate
Military Personnel, Navy	17,207	(400)	437	10	17,254
Military Personnel, Marine Corps	6,545	(167)	178	10	6,566
Reserve Personnel, Navy	1,446	(3)	30	—	1,473
Reserve Personnel, Marine Corps	409	(4)	8	—	413
Operation and Maintenance, Navy	22,239	(59)	391	21	22,592
Operation and Maintenance, Marine Corps	2,559	83	85	(15)	2,712
Operation and Maintenance, Navy Reserve	918	36	10	—	964
Operation and Maintenance, MC Reserve	123	15	—	—	138
Environmental Restoration, Navy	284	(1)	—	—	283
Kaho'olawe Island	15	20	—	—	35
Aircraft Procurement, Navy	8,229	389	192	13	8,823
Weapons Procurement, Navy	1,357	(31)	98	(22)	1,402
Shipbuilding and Conversion, Navy	6,678	339	—	—	7,017
Other Procurement, Navy	4,100	198	—	4	4,302
Procurement, Marine Corps	1,137	157	—	—	1,294
Procurement of Ammunition, Navy and MC	485	(75)	178	—	588
Research Development, Test & Eval, Navy	7,984	1,080	—	(7)	9,057
National Defense Sealift Fund	355	359	—	(12)	702
Military Construction, Navy	320	577	—	33	930
Military Construction, Naval Reserve	5	23	—	—	28
Family Housing, Navy and Marine Corps	960	266	—	—	1,226
Base Realignment and Closure (II, III, IV)	198	—	—	4	202
TOTAL	\$83,553	\$2,802	\$1,607	\$39	\$88,000

Totals may not add due to rounding.

RESOURCE TRENDS

Chart 2 is a graphic representation of the Department of the Navy resource trends from FY 1999 through the end of the current Future Years Defense Program (FYDP). Operation and Maintenance and Military Personnel have increases between FY 2000 and FY 2001 reflecting the Department's emphasis on near-term readiness and meeting the needs of our sailors and marines. Readiness can only be sustained into the future with a recapitalization program that delivers adequate numbers of technologically superior platforms and systems to the fleet. This budget continues to make headway against our ship construction backlog, building to a new construction quantity of eight in FY 2001 through FY 2004 and seven in FY 2005. The total request for procurement funding has increased from \$23.4 billion in FY 2000 to \$26.6 billion in FY 2001 largely due to CVN-77.

The BRAC process has been crucial in reducing base structure and generating savings. Continuing to balance the Department's force and base structures absent future BRAC rounds would represent a daunting challenge and prompts the Department's support for additional base closures.

Chart 2 - Trendlines FY 1999 - FY 2005

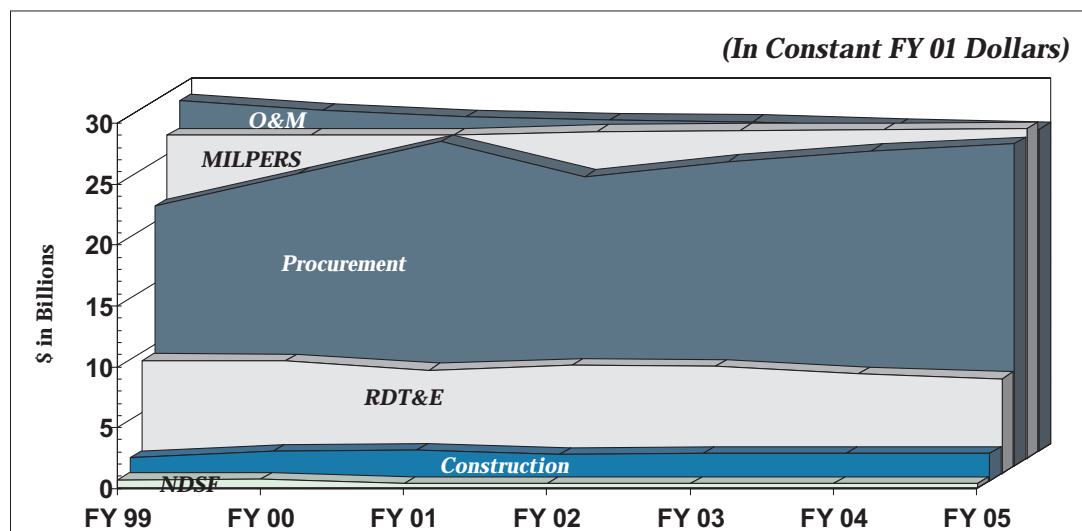


Chart 2 graphically displays Department of the Navy appropriations by title over the Future Years Defense Program.

This page intentionally left blank.

SECTION II - READINESS

Our battle force ships, aviation units and Marine forces provide the foundation for the National Military Strategy goal to shape the international environment and respond to the full spectrum of crises. Our budget provides for operational levels which will maintain the high personnel and unit readiness necessary to conduct the full spectrum of joint military activities.

The role of the Navy and Marine Corps on the world stage is evident throughout the budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire spectrum of the Department's missions and activities. Navy requirements are often met through participation with allies and other foreign countries, in joint exercises, port visits, and exchange programs. Joint/international exercises planned for FY 2001 include: Strong Resolve, Unified Endeavor, Northern Viking and Agile Lion.

**Shape the
international
environment ...**

Operational activities include drug interdiction, joint maneuvers and multi-national training exercises, humanitarian assistance (including natural disaster, medical, salvage, and search and rescue) and when called upon, contingency operations such as the Arabian Gulf and the

Chart 3 - Naval Forces Today

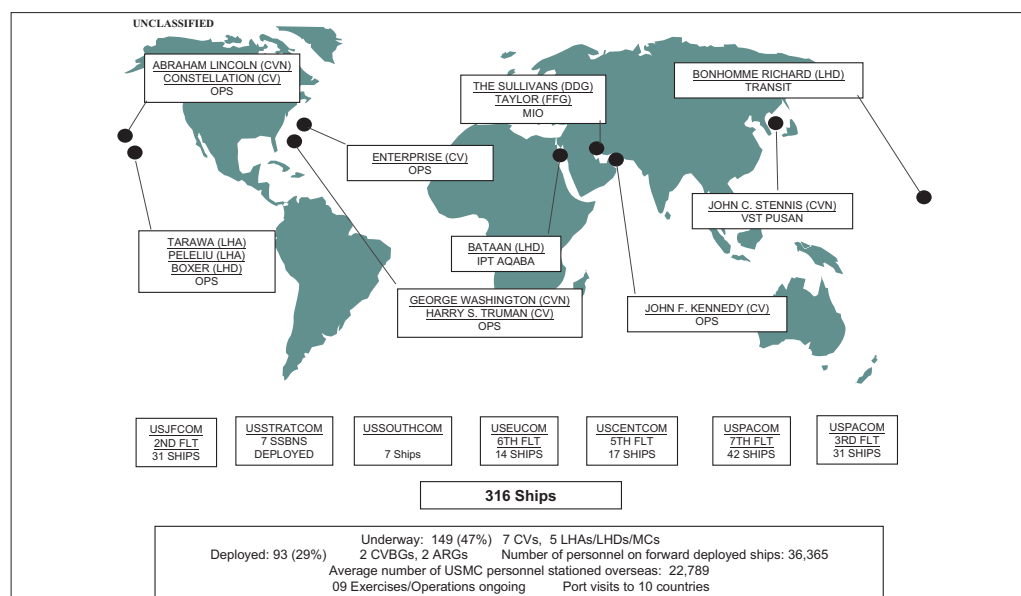


Chart 3 - Reflects Department's forward presence as of 1 February 2000.



Balkans. On February 1, nearly 50,000 Sailors and Marines on over 100 ships are deployed to locations around the world.

Naval Overseas Presence

(Percentage of time regions are covered by an aircraft carrier battle group)

	FY 1999	FY 2000	FY 2001
<i>Pacific</i>	67%	100%	100%
<i>Europe</i>	40%	75%	75%
<i>Southwest Asia</i>	82%	75%	75%

Marine Corps Overseas Presence

(Percentage of time regions are covered by a Marine expeditionary unit/amphibious ready group)

	FY 1999	FY 2000	FY 2001
<i>Pacific</i>	100%	100%	100%
<i>Europe</i>	100%	95%	95%
<i>Southwest Asia</i>	75%	75%	75%

SHIP OPERATIONS

Battle Force Ships

The budget provides a deployable Battle Force (including Reserves) of 316 through the end of FY 2001. This level supports 12 aircraft carrier battle groups and 12 amphibious ready groups.

... appropriately sized forces

In FY 2001, three Arleigh Burke class guided missile destroyers and one Wasp class amphibious assault ship will be commissioned, and four ships will be inactivated (three destroyers and one attack submarine). The Fleet Ballistic Missile submarine force reflects pre-START II approved levels.

Table 3 summarizes Battle Force ship levels.

Table 3
Department of the Navy
Battle Force Ships

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<i>Aircraft Carriers</i>	12	12	12
<i>Fleet Ballistic Missile Submarines</i>	18	18	18
<i>Surface Combatants</i>	116	116	116
<i>Nuclear Attack Submarines</i>	57	56	55
<i>Amphibious Warfare Ships</i>	39	39	40
<i>Combat Logistics Ships</i>	34	34	34
<i>Mine Warfare Ships</i>	16	16	16
<i>Support Ships</i>	25	25	25
<i>Battle Force Ships</i>	317	316	316

OPTEMPO

For FY 2001, deployed ship operations are budgeted to maintain highly ready forces, prepared to operate jointly to perform the full-spectrum of military activities, and to meet forward deployed operational requirements and overseas presence commitments in support of the National Military Strategy. The budget provides funds necessary to achieve the Department's operational tempo (OPTEMPO) goal of 50.5 underway days per quarter for deployed forces and 28 underway days per quarter for non-deployed forces. The funding level supports the Fleet's ability to maintain one carrier battle group

... appropriately positioned forces

(CVBG) and one amphibious ready group (ARG) in European waters, one CVBG and one ARG in the western Pacific, and one CVBG and one ARG in either the Indian Ocean or the Arabian Gulf for portions of each year as required by national security policy. Additional deployed underway days

in FY 2001 in support of contingency operations in Southwest Asia will be provided from the Overseas Contingency Operations Transfer Fund (OCOTF).

Non-deployed OPTEMPO provides primarily for the training of Fleet units when not deployed, including participation in individual unit

Chart 4 - Active Force OPTEMPO

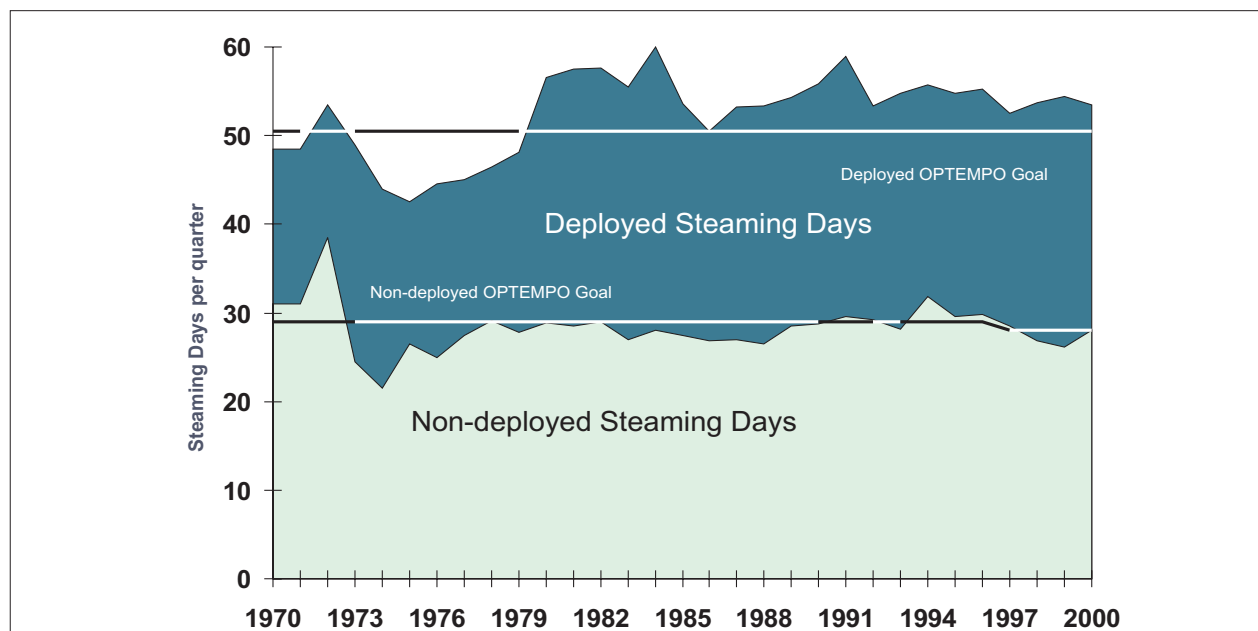


Chart 4 reflects ship OPTEMPO steaming days per quarter deployed and non-deployed. Also, displayed as horizontal lines are the deployed and non-deployed budgeted goals. Fluctuations from the goals reflect real world operations including contingency operations funded through the Overseas Contingency Operations Transfer Fund (OCOTF).

training exercises, multi-unit exercises, joint exercises, refresher training, and various other training exercises. Non-deployed Fleet OPTEMPO levels are the minimum required for maintaining a combat ready and rapidly deployable force.

FY 1999 deployers were experiencing later recoveries in order to meet succeeding deployments. Beginning in FY 2000, we addressed this concern by investing more in the operating accounts, enabling the Department to achieve readiness goals. The FY 2000 budget includes \$12 million from the FY 1999

Emergency Supplemental and \$28 million in Congressional augments to address shortfalls in ship spares, supplies, and equipage. To make DON a better employer,



the Navy also implemented a reduction in the number of inspections and exercises to be performed by non-deployed ships at various stages of the inter-deployment training cycle (IDTC). These initiatives remain in place in FY 2001, and will continue to reduce workload for our sailors and allow more time off ship during non-deployed periods, while improving readiness. Chart 4 illustrates historical and budgeted OPTEMPO.

Reserve Battle Force Ships

The Naval Reserve Force will consist of 15 Battle Force ships in FY 2001 as U.S.S. John F. Kennedy (JFK) reverts back to the Active Component. JFK was designated an Operational Reserve Carrier in FY 1996 to meet dedicated training requirements in a “non-deployed” status. Since that time world events require moving her back into a regular operational schedule. Not only will the move serve to meet forward presence commitments, it will also help stabilize carrier rotation plans to meet active duty OPTEMPO and PERSTEMPO requirements. As a result of this transfer, Reserve Ship funding lines decrease starting in FY 2001.

JFK will deploy in FY 2000 as part of a normal active rotation to the Mediterranean and Arabian Sea. In FY 2001, the Naval Reserve will consist of eight frigates, two LSTs, one MCS, and four MCMs. The Naval Reserve Force continues to actively augment and support the active force while achieving personnel tempo goals.

Table 4 reflects Reserve battle force ships and steaming days per quarter and, where appropriate, both non-deployed and deployed steaming days due to operational requirements.

Table 4
Department of the Navy
Significant Naval Reserve Force Factors

	FY 1999	FY 2000	FY 2001
Reserve Battle Force Ships	(18)	(16)	(15)
Reserve Operational Carrier	1	1	0
Surface Combatants	10	8	8
Amphibious Ships	2	2	2
Support/Mine Warfare	5	5	5
Steaming Days Per Quarter			
Reserve Operational Carrier	31	51	-
Mine Warfare (MCS/MCM)			
Deployed	52	51	51
Non-deployed	21	24	24
FFGs/LSTs	24	18	18

FY 1999 reflects actual OPTEMPO and may fluctuate from the goals based on real world operations, including contingency operations funded through the Overseas Contingency Operations Transfer Fund (OCOTF).

Mobilization

Mobilization forces provide rapid response to unforeseen contingencies throughout the world. Sealift assets include prepositioning and surge ships. Operating costs of prepositioning ships and exercise costs for surge ships are reimbursed to the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as parenthetically noted in Table 5 below. Department of the Navy O&M appropriations reimburse the biennial exercise costs of the Hospital Ships (T-AH) and the Aviation Maintenance Ships (T-AVB), and will continue to fund the daily operating costs of the Maritime Prepositioning Ships (MPS). Each of the three MPS squadrons supports a Marine Air-Ground Task Force or Brigade equivalent for 30 days. An additional Maritime Prepositioned Force (Enhanced) (MPF(E)) Ship will be added in mid-FY 2001. This MPF(E) ship will replace hospital shuttle ship motor vessel GREEN RIDGE. Continued enhancement of the Surge Sealift fleet is planned for FY 2001 as four additional Large Medium-Speed Roll-On Roll-Off vessels enter service, increasing the inventory to 10 of a total of 11 planned ships. Table 5 displays the composition of Navy mobilization forces.

Table 5

**Department of the Navy
Mobilization**

Strategic Sealift (# of ships)	FY 1999	FY 2000	FY 2001
<i>Prepositioning Ships:</i>			
Maritime Prepo Ships (Navy O&M)	13	13	13
Maritime Prepo (Enhanced) (Navy O&M)	0	1	2
Hospital Shuttle/Prepo (Navy O&M)	1	0	0
CENTCOM Ammo Prepo (Navy O&M)	1	1	1
Army Prepo Ships (Army O&M)	18	17	17
Air Force Prepo Ships (Air Force O&M)	3	3	3
DLA Prepo Ships (DWCF)	3	3	3
<i>Surge Ships:</i>			
Aviation Logistics Support (NDSF)	2	2	2
Hospital Ships (NDSF)	2	2	2
Fast Sealift Ships (NDSF)	8	8	8
Ready Reserve Force Ships (NDSF)	89	89	88
Large Medium-Speed RORO Ships (NDSF)	2	6	10
Surge Sealift Capacity (millions of square feet)	7.7	8.7	9.7
Total Sealift Capacity (millions of square feet)	11.5	12.6	15.0

Ship Depot Maintenance

The Department's ship depot maintenance budget finances the goal of 93.5% of the notional requirement in FY 2000 and FY 2001. The FY 2000 budget includes \$10.5 million from the FY 1999 Emergency Supplemental and \$55 million added by Congress in the FY 2000 Appropriations Act. The FY 2001 program reflects a decrease of five overhauls, three submarines and two surface ships. Because SSN refueling overhauls are major one-time efforts that are undertaken on the basis of force structure requirements, these efforts are proposed to be financed as investments in the Shipbuilding and Conversion, Navy appropriation. Funds for these efforts are therefore budgeted in SCN beginning in FY 2001. Funding for USS JOHN F. KENNEDY (CV-67) has been realigned from the Operation and Maintenance, Navy Reserve appropriation to the Operation and Maintenance, Navy appropriation to reflect the transfer of this ship from the reserves to the active forces. Funding to continue the Pearl Harbor Pilot regional maintenance initiative in FY 2001 is included in the depot operations support line of the budget. Table 6 displays active and reserve ship depot maintenance.

Table 6

**Department of the Navy
Active Forces Ship Depot Maintenance**

(Dollars in Millions)	FY 1999	FY 2000	FY 2001
Ship Depot Maintenance	\$2,234	\$2,435	\$2,113
Depot Operations Support	1,141	1,175	1,051
Total: Ship Maintenance (O&MN)	\$3,375	\$3,610	\$3,164
CVN Overhauls (SCN)	\$261	\$345	\$728
SSN Refueling Overhauls (SCN)	0	0	\$283
No. of Ship Overhauls (Units)	6	9	4
Ship Overhaul Backlog (Units)	-	-	-
Percentage of Requirement Funded	-	93.5%	93.5%

Reserve Depot Maintenance

(Dollars in Millions)	FY 1999	FY 2000	FY 2001
Reserve Ship Depot Maintenance	\$83	\$94	\$69
Depot Operations Support	1	1	1
Total: Ship Maintenance (O&MNR)	\$84	\$95	\$70
Percentage of Requirement Funded	-	93%	94%

Also refer to Appendix B for more information:
Operation and Maintenance, Navy
Operation and Maintenance, Navy Reserve

Table
B-6
B-8

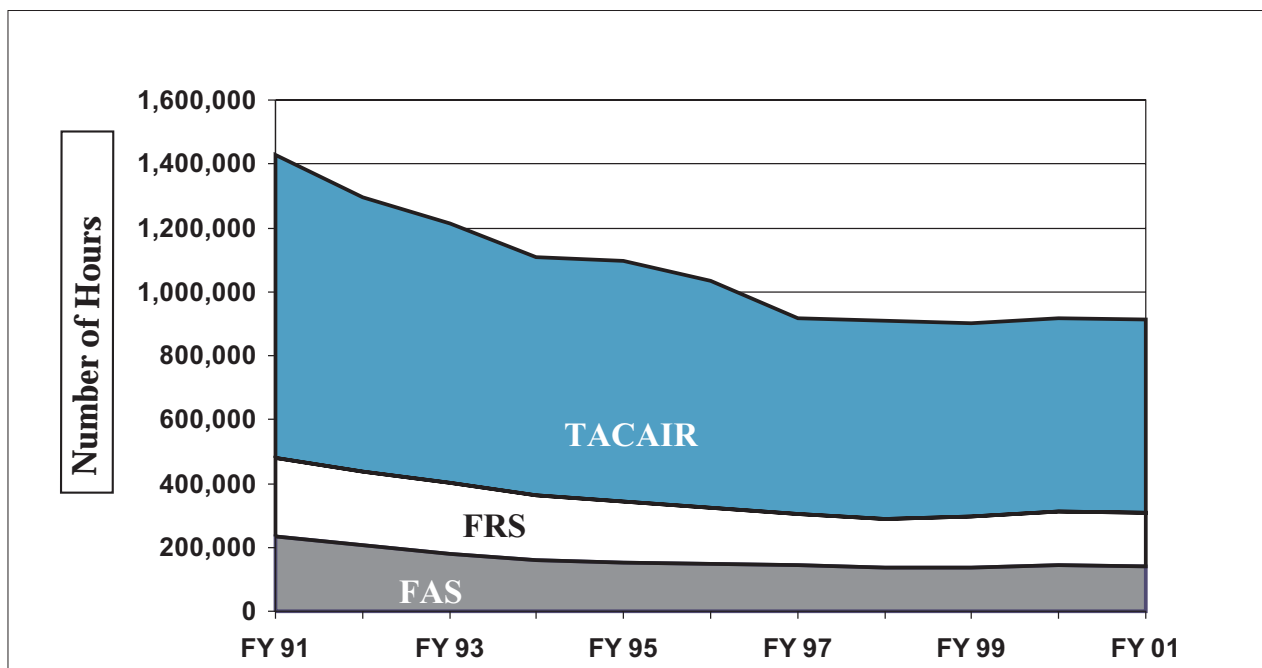
AIR OPERATIONS

Tactical Air Forces

This budget provides for the operation, maintenance and training of ten active Navy carrier air wings and three Marine Corps air wings. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (ASW), Fleet Air Support, and Fleet Air Training. Tactical air squadrons conduct strike operations, provide flexibility in dealing with a wide range of threats identified in the national military strategy, and provide long range and local protection against airborne and surface threats. Anti-Submarine Warfare squadrons locate, destroy and provide force protection against sub-surface threats, and conduct maritime surveillance operations. Fleet Air Support squadrons provide vital fleet logistics support. In Fleet Air Training, the Fleet Readiness Squadrons provide the necessary training to allow pilots to become proficient with their specific type of aircraft and transition to fleet operations.

The slight increase from FY 2000 to FY 2001 represents the introduction of V-22 and FA-18E aircraft to the operating forces and also reflects additional F-14 aircraft to support fleet requirements.

Chart 5 - Flying Hour Program



TACAIR flying hours decline steeply until FY 1997, and then are budgeted to remain relatively constant.

Reserve Air Forces

Reserve aviation has expanded its role by accepting more missions from the active force. The Reserves provide all of the Navy's adversary and overseas logistics requirements and a portion of the electronic training and counter-narcotics missions. The Naval Reserve also provides support to the active force through participation in various exercises and mine warfare missions. These varied missions demonstrate the Navy's effort to fully employ the Navy's Total Force Concept. In FY 2001 the Naval Reserve will further enhance their air mine warfare capability as the SH-2G is replaced with the more capable SH-60B. Two squadrons flying the SH-2G will be decommissioned while a new SH-60B squadron is established at Naval Station Mayport, FL. The new C-40A logistic transport aircraft will also be introduced into the Reserve inventory in FY 2001 as a replacement for the aging C-9 aircraft.

Table 7 reflects active and reserve aircraft force structure.

Table 7
Department of the Navy
Aircraft Force Structure

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<i>Air Forces - Active</i>	<i>18</i>	<i>18</i>	<i>18</i>
<i>Navy Carrier Air Wings</i>	<i>10</i>	<i>10</i>	<i>10</i>
<i>Marine Air Wings</i>	<i>3</i>	<i>3</i>	<i>3</i>
<i>Patrol Wings</i>	<i>3</i>	<i>3</i>	<i>3</i>
<i>Helicopter Anti-Submarine Light Wings</i>	<i>2</i>	<i>2</i>	<i>2</i>
<i>Naval Reserve Air Forces</i>	<i>6</i>	<i>5</i>	<i>5</i>
<i>Tactical Air Wings (Navy Reserve)</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Reserve Patrol/ASW Air Wings</i>	<i>2</i>	<i>1</i>	<i>1</i>
<i>Reserve Helicopter Air Wing</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Reserve Logistics Air Wing</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Air Wing (Marine Reserve)</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Primary Authorized Aircraft - Active 1/</i>	<i>2,509</i>	<i>2,485</i>	<i>2,504</i>
<i>Navy</i>	<i>1,471</i>	<i>1,467</i>	<i>1,483</i>
<i>Marine Corps</i>	<i>1,038</i>	<i>1,018</i>	<i>1,021</i>
<i>1/ Does not include trainer or TACAMO aircraft.</i>			
<i>Primary Authorized Aircraft - Reserve</i>	<i>435</i>	<i>418</i>	<i>408</i>
<i>Navy</i>	<i>250</i>	<i>232</i>	<i>223</i>
<i>Marine Corps</i>	<i>185</i>	<i>186</i>	<i>185</i>

Aircraft OPTEMPO

The FY 2001 budget for the active aircraft flying hour program provides the funds necessary to achieve the Department's goal of 85% TACAIR/ASW

Primary Mission
Readiness (PMR)
to train and
maintain qualified
aircrews in the
primary mission of
their assigned
aircraft. This level
of operation is
essential to meet
the objective of
maintaining ready
Naval Aviation
units capable of
performing a



variety of military missions, including joint operations in support of emergent conflicts as well as ongoing peacekeeping operations. The Flying Hour Program has been priced using the most recent FY 1999 cost per hour experience, including higher costs for spares and repair parts, and provides adequate resources to sustain flying hour support requirements. The FY 2000 estimate was also rebalanced to include the most recent (FY 1999) cost per hour experience, and includes \$57 million in additional funding from the Congress to support those

***Respond to the full
spectrum of crises***

requirements. This operational tempo (OPTEMPO) supports ten active carrier wings and three active Marine Corps air wings. Consistent with recent execution experience, Fleet Readiness Squadrons operations are budgeted at 94% of the

validated requirement to enable pilots to complete the training syllabus. Student levels are established by authorized TACAIR/ASW force level requirements, aircrew maintenance personnel rotation rates and student output from the Undergraduate Pilot/NFO training program. Fleet Air Support requirements correlate with TACAIR operational requirements. Naval Reserve PMR remains budgeted at 87% in FY 2001.

Contingency operations for FY 2000 and FY 2001 are budgeted in the Overseas Contingency Operations Transfer Fund (OCOTF) and are not reflected in the Department of the Navy budget.

Table 8 displays active and reserve flying hour readiness indicators.

Table 8**Department of the Navy****Flying Hour Program**

	FY 1999	FY 2000	FY 2001
Active			
TACAIR Primary Mission Readiness (%) 1/	83%	85%	85%
Fleet Readiness Squadrons (%)	93%	94%	94%
Fleet Air Support (%)	86%	83%	83%
Monthly Flying Hours per Crew (USN & USMC)	21.7	22.3	22.5

1/ Includes 2% simulator contribution

Reserve

Primary Mission Readiness (%) 1/	86%	87%	87%
Monthly Flying Hours per Crew (USNR & USMCR)	11	11	11

1/ Includes 0.25% simulator contribution

Aircraft Depot Maintenance

The Active and Reserve aircraft depot maintenance programs fund major repair and overhauls, within available capacity, to ensure that a sufficient quantity of aircraft are available to operational units. The readiness-based model used to determine maintenance requirements is based on squadron inventory authorization that is necessary to execute



Maintain ready forces ...

assigned Active and Reserve missions. The model manages depot maintenance output so that the Department can determine the level of resources necessary, within existing inventory, to provide enough airframes to meet full Primary Authorized Aircraft (PAA) for deployed squadrons and no more than 10% below PAA for non-deployed squadrons. The Department's budget for fiscal years 1999 through 2001 is sufficient to meet these goals.

Tables 9a and 9b summarize Active and Reserve Aircraft Depot Maintenance.

Table 9a
Department of the Navy
Active Forces Aircraft Depot Maintenance
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
Airframes	\$533	\$479	\$426
Engines	240	282	180
Components	45	36	43
Total: Active Aircraft Depot Maintenance	\$818	\$797	\$649
<u>Airframes</u>			
Deployed Squadrons meeting goal	172	169	170
Deployed Squadrons not meeting goal	0	0	0
Non-Deployed Squadrons meeting goal	178	179	170
Non-Deployed Squadrons not meeting goal	0	0	0
<u>Engines</u>			
Engine pools meeting goal	43	56	56
Engines pools not meeting goal	9	0	0

Table 9b
Reserve Forces Aircraft Depot Maintenance
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
Airframes	\$87	\$64	\$66
Engines	31	37	35
Components	<1	<1	<1
Total : Reserve Aircraft Depot Maintenance	\$119	\$102	\$102
Non-Deployed Squadrons meeting goal	51	50	49
Non-Deployed Squadrons not meeting goal	0	0	0
Engine Throughput	251	244	191
Engines Backlogged	63	26	26

Also refer to Appendix B for more information:
Operation and Maintenance, Navy
Operation and Maintenance, Navy Reserve

Table
B-6
B-8

MARINE CORPS OPERATIONS

Marine Corps Active Operations

This budget supports a Fleet Marine Force (FMF) of three active Marine Expeditionary Forces (MEF). Each MEF is comprised of a headquarters command element, one ground division, one airwing, and one force service support group.



The Department's funding of Marine Corps operations provides highly ready forces to respond to the full spectrum of crises by providing appropriately sized, positioned and mobile forces for joint or independent operations, to include continuation of the fielding of improved equipment for the

individual Marine. The budget reflects savings in FY 2001 associated with operational efficiencies achieved through Strategic Sourcing, Installation Reform and Business Process Re-engineering initiatives; maintains a manageable level of depot maintenance unfunded backlog in FY 2001; fully finances requirements for recruit training, initial

... ensure necessary training

skill training and follow-on training courses, and continues to support recruit accession goals. This budget also continues the effort to reduce the training pipeline and increase manpower strength in the FMF through the Distance

Learning program. Funding has also been increased to support additional Marine Security Guard detachment requirements.

Table 10 displays Marine Corps land forces.

Table 10
Department of the Navy
Marine Corps Land Forces

	FY 1999	FY 2000	FY 2001
Number of Marine Expeditionary Forces	3	3	3
Number of Battalions	69	69	69



Marine Corps Reserve Operations

This budget supports a Marine Reserve Force that includes the Fourth Marine Division, the Fourth Marine Aircraft Wing, the Fourth Force Service Support Group, and the Marine Corps Reserve Support Command. It reflects planned QDR reductions and support costs for Reserve end-strength.

In FY 2001, the budget continues increased funding for provision of initial issue equipment which provides Marines in the field with the clothing and equipment they need to survive and sustain themselves during combat operations. The budget submission also increases funding for replenishment/replacement of critical equipment worn out due to continued high OPTEMPO and harsh operating environments.

Also refer to Appendix B for more information:	<u>Table</u>
Operation and Maintenance, Marine Corps	B-7
Operation and Maintenance, Marine Corps Reserve	B-9

PEOPLE

America's naval forces are combat-ready largely due to the dedication and motivation of individual Sailors, Marines, and civilians. Developing and retaining quality people are vital to our continued success and are among the Department's biggest challenges. Meeting these challenges is essential to long-term effectiveness. It is with this in mind that we must continue to put a premium on recruiting, retaining, and training the best people our country has to offer. Therefore, one of the Department's top priorities is the well-being, morale, retention and recruiting of Sailors and Marines.

The Department of the Navy continues to improve the quality-of-life of its people consistent with the Secretary of the Navy's priorities. The

... maintain highly skilled and motivated people

quality of our force depends on the quality of our people. The men and women who comprise today's all-volunteer military are the highest caliber, and we must continue to attract and maintain this effective force. Attention to personnel tempo demands is

essential, especially as the nation's economy remains strong and private sector opportunities increase. An important element of our policy is to provide our people with a quality-of-life commensurate with the sacrifices we ask them to make.

Navy Personnel Tempo	FY 1999	FY 2000	FY 2001
Units Not Meeting Personnel Tempo Goal	5	0	0
Note: The Navy uses a combination metric for personnel tempo. To meet the goal, a unit must deploy for not more than six months at a time, spend twice as much time nondeployed as deployed, and spend 50 percent of its time in home port over a five-year cycle.			

Marine Corps Deployment Tempo	FY 1999	FY 2000	FY 2001
Units Deployed more than 180 Days per Year Over a 36-month Schedule Period	1	0	0

Military Personnel budget estimates include an across the board pay raise of 4.8% effective on January 1, 2000, an additional targeted raise (pay table reform) ranging from 0 to 5.5% effective on July 1, 2000, and an FY 2001 pay raise of 3.7% one-half percent above Employment COst Index (ECI) estimates. We are confident that further enhancements to last year's Pay Triad will help address the pay concerns of our members. We have included funding for several legislative proposals, such as the Enlisted Signing Bonus and Special Duty Assignment Pay (SDAP), and are seeking authorization for Career Sea Pay Reform and Basic Allowance for Housing for shipboard junior enlisted members in the event retention results dictate its use. Recognizing that fixing pay alone is not sufficient, we continue to provide adequate funding in areas such as housing,

community and family support, transition assistance, and morale and recreation activities. Funds have been budgeted to effect the FY 2000 National Defense Authorization Act direction that Basic Allowance for Housing (BAH) transition to market-based rates be accelerated for a phased approach to be completed by FY 2005. Additional funds have also been budgeted to reduce out-of-pocket expenses to 15% in FY 2001 and to eliminate them by FY 2005.

The FY 2001 budget includes funding for 861 new and replacement housing units; construction of 7 Bachelor Enlisted Quarters in CONUS, 2 in Hawaii and 1 overseas; and the construction of 1 fitness center and 1 child development center. In addition to constructing and replacing housing units, the Navy's modest approach to privatizing family housing units with three Congressionally approved pilots in South Texas, San Diego and New Orleans will enable us to reduce its current backlog by FY 2010, meeting current Defense Planning Guidance.

Navy

Due to the nation's strong economy, the Navy is experiencing difficulty in recruiting the required number of people. The strong economy has also increased demand by the private sector for employees with special technical skills which has impacted the Navy's ability to retain sailors in some critical skill areas. This budget reflects positive steps to address these manning challenges.

Chart 6 - Active Military Personnel End Strength

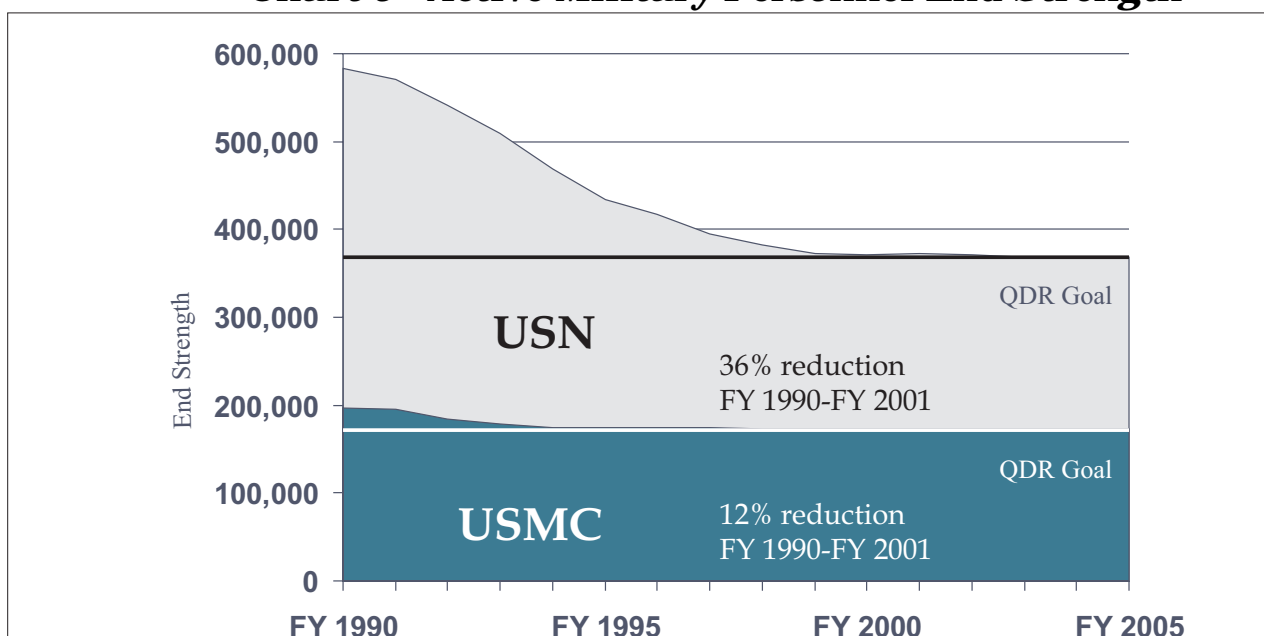


Chart 6 graphically displays Military Personnel reductions through FY 2005.



We have paid particular attention to budgeting for the optimal mix of recruiting and retention programs, such as Enlistment Bonus, Navy College Fund, Selective Reenlistment Bonus, Special Duty Assignment Pay and Hardship Duty Pay. We believe this resource balance will allow the Navy to fully execute budgeted end strength levels and ensure the proper combination of grade, skill, and experience in the force.

This budget also includes several initiatives designed to aggressively attack the persistent problem of undermanning of at-sea billets. For example, through Strategic Sourcing and other military reapplication initiatives we have effectively reapplied over 5,000 military billets to key positions. O&M resources are budgeted to perform necessary functions previously provided by these MILPERS billets.

Table 11 provides summary personnel end strength data for Military Personnel, Navy.

Table 11
Department of the Navy
Active Navy Personnel

	FY 1999	FY 2000	FY 2001
<i>Officers</i>	53,538	53,350	53,367
<i>Enlisted</i>	315,180	314,450	314,633
<i>Midshipmen</i>	4,328	4,000	4,000
Total: End Strength	373,046	371,800	372,000
<i>Accessions</i>	52,595	57,370	59,400
<i>Reenlistments</i>	36,656	37,621	35,961
<i>Enlisted Retention Rates</i>			
<i>First Term</i>	28.2%	30.5%	33.0%
<i>Second Term</i>	43.6%	45.0%	48.0%
<i>Enlisted accessions</i>			
<i>Percent High School Diploma Graduates</i>	90%	90%	90%
<i>Percent above average Armed Forces Qualification Test</i>	64%	62%	62%

Marine Corps

This budget fully funds an end strength of 172,600 in FY 2001. This includes an increase to end strength to accommodate increased Department of State requirement for Marine Security Guards. This force structure permits the Marine Corps to fulfill their charter as a versatile expeditionary force-in-readiness, capable of rapidly responding to global contingencies. Additionally, over 2,100 Marines will be returned to the operating forces as part of this budget. Approximately 900 of these are a result of initiatives planned under strategic sourcing, specifically the A-76 program. Approximately, half of the remaining balance of savings are attributed to efforts in the Fleet Assistance Program (FAP), Marines assigned to bases and stations. The continued performance of these base and station functions has been financed in the O&M,MC appropriation. And the other half of the remaining savings are attributed to cooks returned to the FMF as part of an innovative approach to providing subsistence support to our Marines. This regional food service effort, financed in the MPMC appropriation, will allow the Marine Corps to adopt the best business practices at the lowest cost to feed our Marines in FY 2001 and beyond.

Table 12 provides summary personnel end strength data for Military Personnel, Marine Corps.

Table 12
Department of the Navy
Active Marine Corps Personnel

	FY 1999	FY 2000	FY 2001
<i>Officers</i>	17,897	17,860	17,888
<i>Enlisted</i>	154,744	154,658	154,712
Total: End Strength	172,641	172,518	172,600
<i>Accessions</i>	33,610	33,367	35,082
<i>Reenlistments</i>	13,307	13,972	13,646
<i>Enlisted Retention Rates</i>			
<i>First Term</i>	23%	25.9%	25.7%
<i>Enlisted accessions</i>			
<i>Percent High School Diploma Graduates</i>	95.8%	95%	95%
<i>Percent above average Armed Forces Qualification Test</i>	65.7%	63%	63%

Also refer to Appendix B for more information:	<u>Table</u>
Military Personnel, Navy	B-2
Military Personnel, Marine Corps	B-3

Naval Reserve

This budget supports Naval Reserve end strength of 88,900 in FY 2001, providing pay and allowances for drilling Naval Reserve personnel attached to specific units and Full-Time Support personnel.

The Naval Reserve is experiencing recruiting and retention challenges similar to those experienced by the Navy's Active Component (AC) and by other service Active and Reserve Components (RC). The effect of a difficult recruiting and retention environment has focused primarily on our enlisted drilling reserve population. Reversing enlisted recruiting and retention trends are a prime concern, however, it is important to note that demand for Reserve Peacetime Contributory Support to the AC continues to increase.

The Navy is taking a balanced approach to address this increased demand while facing recruiting and retention challenges. During FY 1999, the Navy revitalized Reserve recruiting and retention incentive programs such as Enlistment, Reenlistment and Affiliation Bonus programs. This budget sustains incentive program increases in FY 2000 and FY 2001, funds the Montgomery G.I. Bill "Kicker" program beginning in FY 2000 and increases the number of Reserve recruiters beginning in FY 2000. Building on the increased enlisted Annual Training (AT) participation rate experienced in FY 1999 and the resultant decrease in AT waivers, this budget provides increased funding for enlisted AT to achieve a budgeted participation rate of 90% in FY 2001. This budget also contains increased travel funding for drill periods at fleet concentration sites and funds for the legislative proposal to pay full drill pay to Reservists participating in Military Funeral Honors beginning in FY2001.

Table 13 provides end strength data for the Reserve Personnel, Navy account.

Table 13
Department of the Navy
Reserve Personnel, Navy

	FY 1999	FY 2000	FY 2001
Selected Navy Reserves	73,297	74,124	74,251
Fulltime Support	15,875	15,010	14,649
Total: End Strength	89,172	89,134	88,900

Marine Corps Reserve

This budget supports Marine Corps Reserve end strength of 39,500 in FY 2001. This end strength ensures availability of trained units to augment and reinforce the active forces, as well as providing manpower for a Marine Air-Ground Task Force Headquarters and Marine Forces Reserve (MARFORRES). The budget provides for pay and allowances for drilling reservists attached to specific units, for Individual Mobilization Augmentees (IMA's), for personnel in the training pipeline, and for full-time Active Reserve personnel. This budget also contains funding for the legislative proposal to pay full drill pay to Reservists participating in Military Funeral Honors, beginning in FY 2001.

The Marine Corps Reserve requirements are reviewed continually to fully support the National Military Strategy. The Department remains committed to Reserve contributory support to enhance and complement the active force while maintaining unit readiness to meet crisis requirements.

Table 14 provides end strength data for the Reserve Personnel, Marine Corps account.

Chart 7 - Reserve Military Personnel End Strength

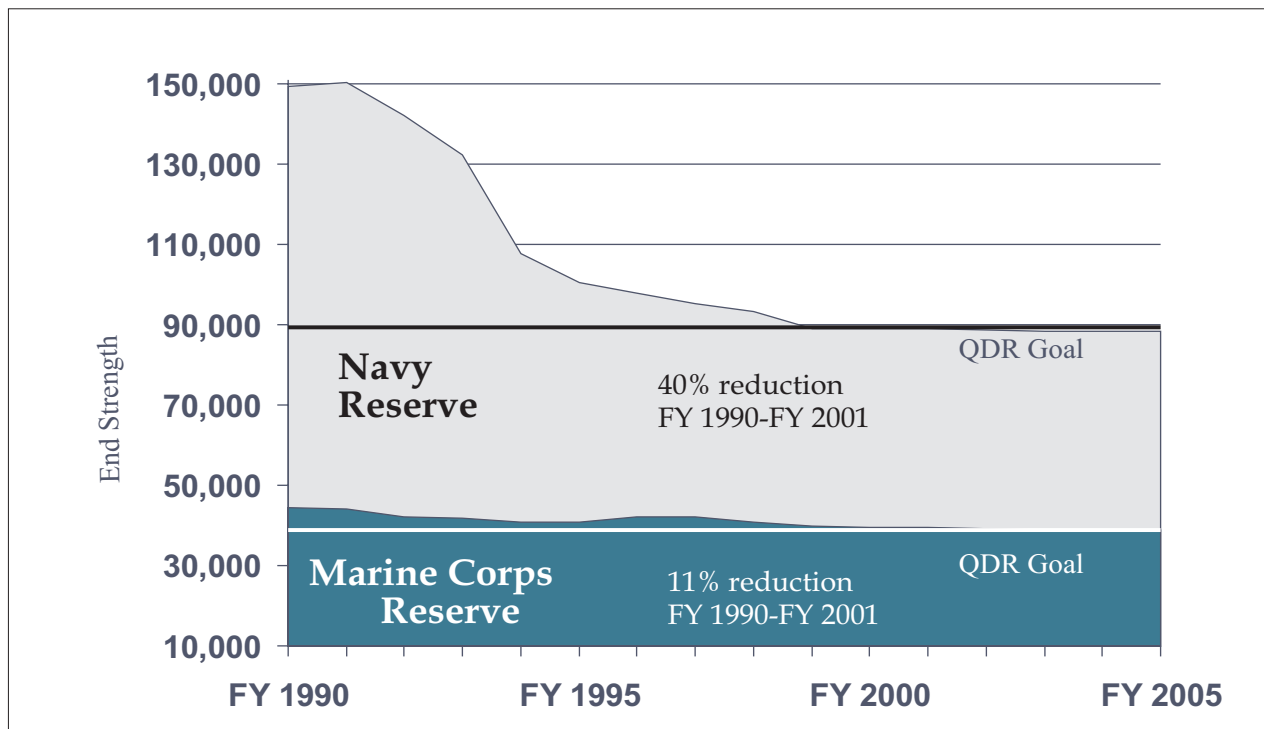


Chart 7 graphically reflects Naval and Marine Corps Reserve personnel reductions from FY 1990 through FY 2005.

Table 14

**Department of the Navy
Reserve Personnel, Marine Corps**

	FY 1999	FY 2000	FY 2001
<i>Selected Marine Corps Reserves</i>	37,636	37,352	37,297
<i>Full Time Support</i>	2,317	2,272	2,203
Total: End Strength	39,953	39,624	39,500

Also refer to Appendix B for more information:
Reserve Personnel, Navy
Reserve Personnel, Marine Corps

Table
B-4
B-5

SECTION III - RECAPITALIZATION

Readiness can only be sustained into the future with a recapitalization program that delivers adequate numbers of technologically superior platforms and systems to the Fleet. Emergence from the Cold War as the sole global Naval superpower permitted a decade of greatly diminished investment, and a period of industrial, technological, and economic reorganization. The Department needs to invest now with a focused and expanding program to secure Naval superiority well through the first half of the 21st Century. The total request for procurement funding has increased from \$23.4 billion in FY 2000 to \$26.6 billion in FY 2001.

At the same time, every avenue which results in cost reduction or acquisition savings will be explored. To improve the way the Navy and Marines fight, work, and live, several capital improvements have been added to the FY 2001 budget which will result in significant reductions to our operating or business costs. These initiatives (termed "Smart Work") include items such as Smart Ship, Interactive Courseware and Integrated Team Training and are evident throughout the investment accounts. This budget also reflects the Department's

***... pursue a focused
modernization effort***

continued commitment to incorporate, where appropriate, savings from acquisition reform. These include resources saved through the use of performance specifications vice military specifications, and cost avoidance

attributable to reduced test requirements through modeling and simulation or early industry involvement in the design process. The continued use of multiyear procurement not only achieves planned acquisition savings but contributes to the stability of the multiyear programs, thus achieving cost avoidances. Additional reforms comprise a plethora of initiatives such as contractor incentives, cost-as-an-independent-variable, reduced oversight through statement of work modifications and increased contractor total-system-integration responsibility. Wherever possible, savings have been folded back into the procurement accounts to increase the level of recapitalization.

We continue to offset the cost of modernization through participation in combined weapons and systems development and acquisition programs, through cooperative ventures and symposia, and a number of project-oriented systems development working agreements. Many of these are listed in the following table. Such arrangements result in shared weapon and systems development costs, reduced weapon and system procurement costs, technology sharing and leveraging, and stronger military and industrial alliances in support of national goals.

Selected International Acquisition Programs	Countries	(In millions)		
		FY 1999	FY 2000	FY 2001
Research and Development				
NATO Cooperative R&D	Various	10	5	9
International Cooperative RDT&E	Various	1	2	2
Vector	Germany, Sweden	5	4	<1
HARM Modifications	Germany, Italy	7	11	9
Ship Self Defense	Various	19	22	17
ICR Engine	United Kingdom	29	25	6
Procurement				
AV-8B	Spain, Italy	332	300	227
NULKA	Australia	22	32	34
ESSM	NATO and other allies	13	12	40
ITALD	Israel	8	10	0
Rolling Airframe Missile (RAM)	Germany	108	78	56
T-45TS	United Kingdom	301	333	274

Note: The above amounts, rounded to the nearest million, represent the DON program costs; this list is not all inclusive.

The Navy is also pursuing, consistent with Congressional approvals, ship sales and transfers to foreign governments. These partnerships serve the United States in two ways: by preserving through allied Navies the military utility of older but still capable platforms; and by generating U.S. government revenues to offset the burden of global leadership.

SHIP PROGRAMS

Surface Programs

The Department's FY 2001 budget reflects a continued commitment to the acquisition, modernization, and recapitalization of the world's preeminent surface fleet.

CVN-77 is the foundation of the evolutionary approach towards the next generation aircraft carrier (CVNX) and will incorporate transition technologies consisting of an integrated island design, propulsion plant improvements, improved design tools, and manpower/material support initiatives. Continuing the evolutionary approach, R&D efforts for CVNX continue in FY 2001. This approach will provide the means to develop, design and deliver the centerpiece of the Navy's Battle Groups for the 21st century.

***... prepare now for an
uncertain future ...***

Construction of the largest class of surface combatants since World War II continues in the final year of a planned four-year-multiyear procurement of the Arleigh Burke class of guided missile destroyers, with three additional ships included in the FY 2001 budget. Further,

in line with FY 2000 Congressional direction, the FY 2001 budget reflects \$358 million in advanced procurement for Economic order purchase, essentials to the continuation of the DDG-51 Multiyear Procurement through the end of the class.

Recapitalization efforts include the ongoing research and development for the next generation of surface combatants for the 21st Century. After detailed review of the initial industry design proposals, we have increased our research and development investment in this ship class and have delayed the lead ship one year to FY 2005 lowering the risk to maturing developing technologies in order to support construction of this revolutionary ship class.

An additional ADC(X) is budgeted in FY 2001, and the fifth and sixth San Antonio class amphibious transport dock ships (LPD-17 class) begin construction.

Modernization efforts continue to advance new technologies that create the "Navy after next" for the new millennium. The Cooperative Engagement Capability (CEC) development and testing continues on track for a third quarter FY 2001 operational evaluation. Interoperability testing capabilities have expanded significantly over the past year with implementation of a shore-based Distributed Engineering Plant that links existing system development sites together to form a "virtual battlegroup." This infrastructure is used to test and resolve interoperability issues ashore in advance of battle group work-up training. Lessons learned are being engineered into the combat systems of tomorrow, beginning with the Common Command and Decision system which will form the foundation of all future systems

The Standard Missile program replaces ineffective, obsolete inventories with the procurement of more capable Block IIIB and IVA missiles. The Rolling Airframe Missile (RAM) program continues to mature through the multi-year procurement of the improved Guided Missile Launching System (GMLS) and procurements of the upgraded Block I missile, providing an enhanced guidance capability along with a helicopter, air and surface (HAS) mode. Block I upgrades to RAM missiles are being procured in FY 2000 as opposed to the full-up round. Tactical Tomahawk efforts in FY 2001 focus on developmental testing leading to an operational assessment. FY 2001 marks the second year of a four-year multiyear procurement contract for the RAM 21-round launcher. Initiation of ESSM procurement commences in FY 2001.

Major Surface Weapons Quantities

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
TOMAHAWK*	0	0	45	90	284	342
STANDARD	86	86	108	146	180	207
RAM	90	0	100	100	130	155
ESSM	-	36	85	161	143	161

* FY 2000/2001 funding and quantity have been eliminated since requirements have been funded via the FY 1999 Emergency Supplemental

The Landing Craft Air Cushioned (LCAC) modernization program continues with a service life extension for one craft in FY 2001 and modernization of the navigation suite of two other craft. Modernization includes replacement of the C4N suite and the existing buoyancy box and will extend the design service life of the LCACs to thirty years.

Several land attack R&D efforts, critical to future littoral warfare, continue in FY 2001, including the Land Attack Standard Missile (LASM), the Extended Range Guided Munition (ERGM), the 5"/62 gun, the Advanced Gun System (AGS) and the Naval Fire Control System (NFCS). ERGM contains an internal global positioning system and inertial navigation system that provide state-of-the-art guidance to surface-fired munitions. LASM will provide longer range fire support for the Marines at an affordable price, by the conversion of the oldest, obsolete Standard Missiles. The AGS will provide the next generation of surface combatants with a modular large caliber dual barrel gun system including an automated magazine handling system. The Naval Center for Cost Analysis determined a transversable, elevatable pointing gun is the preferred system to support the land attack mission, and the AGS is funded to support a production gun for the DD21 shipbuilding program in FY 2005. The NFCS will use existing fire control infrastructure to serve as the nerve center for surface land attack by automating shipboard land attack battle management duties, incorporating improved land attack weapons systems, and utilizing battlefield digitization.

R&D funding continues for the Ticonderoga Class Cruiser modernization program which begins in FY 2002 and provides selected AEGIS cruisers with Theater Ballistic Missile Defense (TBMD) capability, as well as Area Air Defense Commander capability and improved Naval Surface Fire Support performance.

Also refer to Appendix B for more information:
Shipbuilding and Conversion, Navy
Weapons Procurement, Navy

Table
B-13
B-12

Submarine Programs

The Navy will covertly project power into the new millennium with its fleet of modern SSN 688, Seawolf and Trident submarines. Their firepower, stealth, improved sensors and enhanced communications equipment will enable submarines to act as force multipliers in every imaginable scenario. This budget highlights the Navy's ongoing effort to modernize its existing submarine fleet with the latest technology ensuring the viability of these critical ships while, at the same time, continuing to replace aging fast attack submarines with the new Virginia Class submarine. Construction of the first two Virginia Class

submarines began in 1998 and 1999 under the teaming arrangement with General Dynamics and Newport News Shipbuilding Company. Construction for the third hull of the class will commence in FY 2001. The FY2001 budget reflects the migration of submarine refueling overhauls from the Operations and Maintenance appropriation to the Shipbuilding and Conversion, Navy appropriation. Recognizing the overall complexity and availability for significant modernization improvements, the refueling of these assets represents an investment vice a periodic maintenance effort and as such, funding was realigned starting in FY 2001. This change in funding strategy is in line with previous decisions with respect to the refueling of nuclear powered aircraft carriers and will allow the Navy to significantly enhance both capability and useful operational life through the insertion of the latest technology improvements and the application of the newer D2W nuclear cores. This significant investment in a submarine's life will increase its scope of performance for the residual of its active duty service for the Department. FY 2001 also includes funding to continue design work for converting four Trident class SSBs to either SSGNs or fund additional outyear SSN 688 refueling overhauls. A decision on proceeding with these submarine force enhancements will be made after the completion of additional studies.

The FY 2001 budget reflects a balanced approach to funding Advanced Submarine Technology programs by continued

Chart 8 - Shipbuilding Programs

Baseline FY00 President's Budget	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
CVN-77	AP	1	-	-	-	-
CVN(X)	-	0 AP	AP	AP	AP	AP
NSSN	AP	1	1	1	1	1
DDG-51	3	3	3 2	3 2	0 2	0 1
DD-21	-	-	-	AP	1 AP	3 1
LPD-17	2	2	2	2	2	-
T-ADC(X)	1	1	2 3	2 3	3 2	3 2
LHD	0 AP	-	-	-	AP	1
JCC(X)	-	-	-	-	1	1
Total New Construction	6	8	8	8	8	9 7
Total FY01-FY05 New Construction						
41 39						
CVN RCOH	AP	1	AP 1	AP	AP	1
Submarine RFOH	2	1	1	2	1	2
SSN Force Structure	-	-	TBD	TBD	TBD	TBD

Chart 8 displays new construction ships for FY 2000 through FY 2005 .

development of sonar sensors, new sonar processing algorithms, electromagnetic silencing, and advanced propulsion systems. These systems, depending on their availability, will be incorporated on some or all of the first four Virginia submarines. These development efforts will greatly enhance affordability and maintainability of future nuclear attack submarines.

In maintaining the Navy's vital role in strategic deterrence, the FY 2001 budget funds the procurement of twelve TRIDENT II (D-5) missiles. While this budget reflects the minimum sustaining rate for D-5 missile production, extensive development effort continues in the identification and certification of new technologies for D-5 missile components that will reduce cost for future missiles. This budget also funds the initial conversion of Pacific based Trident SSBNs and associated support facilities to the D-5 missile system which signifies the initial steps in the removal of the C-4 Trident I missile from service.

A number of submarine modernization efforts continue in FY 2001.

The Acoustic Rapid COTS Insertion (ARCI) program will complete installation of the first two phases of ARCI units on all SSNs by late FY 2001 and will pursue installation of Phase 3 and 4 improvements. These units, which provide upgraded towed array, spherical array, and under-ice sonar processing, have been extraordinarily successful during recent at-sea tests and



overseas deployments validating the Navy's decision to use commercially available technology. The Department also continues procurement of the TB-29(A) towed array, which provides significant improvement in search, detection and tracking capability. These two sonar modernization efforts will ensure our submarine force maintains acoustic superiority into the next century.

The FY 2001 budget also funds important submarine communication suite improvements. The procurement and installation of High Data Rate antennas, improved multi-function antennas, and radio room automation efforts will increase the throughput and operational flexibility of submarine radio rooms.

Also refer to Appendix B for more information:
Shipbuilding and Conversion, Navy
Weapons Procurement, Navy

Table
B-13
B-12

AVIATION PROGRAMS

The FY 2001 budget provides for the procurement of 128 aircraft as part of the Department's plan to maintain qualitative superiority of the Navy and Marine Corps Aviation team into the next century. To maximize the return on our procurement dollars, the FY 2001 budget continues the use of multiyear procurements (MYP) for the F/A-18E/F, E-2C, AV-8B, and CH-60 programs.

The F/A-18E/F and V-22 are the future centerpieces of naval aviation and the newest additions to the Navy and Marine Corps team's ability to project power from the sea. The F/A-18E/F program began Full Rate Production in FY 2000 and the V-22 will begin Full Rate

*... exploiting the
Revolution in Military
Affairs ...*

Production in FY 2001 upon completion of their Operational Evaluations (OPEVAL). Increased funding is also budgeted for procurement of initial spares to support IOC of these aircraft. Additionally, funding in FY 2001 supports the

procurement of key elements of the helicopter master plan with the initial Full Rate Production procurement for the CH-60S program. Procurement and Research and Development funding continues in FY 2001 to support the SH-60R remanufacture. The scope of the SH-60R remanufacture includes avionics upgrades as well as a Service Life Extension and standard depot level maintenance. Research and development funding for the EA-6B Improved Capability (ICAP III) program continues in FY 2001. This program will provide the aircraft with a new selective re-active receiver with integrated communications, jamming, and connectivity capabilities. This increased capability will be a welcome addition to this aircraft which experienced an extremely high OPTEMPO in the Kosovo conflict.

Chart 9 - Aircraft Programs

Baseline FY00 President's Budget	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
F/A-18E/F	36	42	48 45	48	48	48
E-2C	3	5	5	5	-	-
V-22	10 11	16	20 19	30 28	30 28	30 28
CH-60	13 17	18 15	24 16	20 24	20 24	20
T-45TS	15	15 12	15 4	15 -	15 -	15 -
JPATS	8 12	24 21	24	24	24	24
AV-8B *	12 11	8 10	-	-	-	-
SH-60R *	7	9 4	18 8	22 25	26 27	27
4BN/4BW *	-	-	5	17	24	36
UC-35	0 2	2 -	1	-	0 1	0 1
C-40A	1	-	2 1	-	-	0 1
C-37	-	1	1 -	1 -	0 1	0 1
KC-130J	0 1	0 2	0 2	1 2	-	1
Total	105 116	140 128	163 130	183 173	187 177	201 187
* remanufactured aircraft						

Chart 9 displays the Department's new production and remanufactured aircraft programs.



Additionally, FY 2001 R&D funds are budgeted for the UH-1Y/AH-1Z program. This program will provide an improved capability to Marine Corps light/utility and attack helicopters (including items such as improved payload, common components, increased range, improved sensors, lethality and increased time on station), with FY 2001 RDT&E funds conducting first flights of the engineering and manufacturing development aircraft. Other major R&D programs include the shared reconnaissance pod (SHARP) and active electronically scanned array (AESA) radar for the F/A-18E/F. Joint aircraft weapons systems programs also continue to be an important component of Navy acquisition strategy in FY 2001, with the Joint Strike Fighter beginning the Engineering and Manufacturing Development phase.

We have continued aircraft modernization procurement of the Universal Exciter Upgrade for the EA-6B aircraft, which provides a 30% improvement in reliability over that of the current variant; training equipment necessary for the EA-6B Improved Capability (ICAP III) Upgrade; F/A-18 Radar Upgrade and structural and safety improvements, as well as development of the Advanced Mission Computer and Display System. In addition, funding provides for development of the Joint Helmet Mounted Cueing System; the P-3 Service Life Assessment Program; Anti-Surface Warfare Improvement Program efforts; Update III Common Configuration program; and upgrades to tactical aircraft electronic warfare countermeasures capabilities.

The Advanced Anti-Radiation Guided Missile (AARGM) technical demonstration program focuses on the completion of Live Fire testing and final report. Naval Tactical Unmanned Aerial Vehicles (UAV) efforts to affordably meet operating requirements including range, endurance, and full operational effectiveness from all air capable ships and small areas ashore, will center on developmental testing and fabrication of assets to be used in OPEVAL. The AIM-9X Sidewinder air-to-air missile enters Low Rate Initial Production and will provide a significantly increased capability required to defeat existing foreign threats. The JSOW BLU-108 variant is first procured by the Navy in

FY 2001 and will provide the Navy and Air Force with the most advanced stand-off anti-armor capability available.

Major Aviation Weapons Quantities

	<i>FY 2000</i>	<i>FY 2001</i>	<i>FY 2002</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>FY 2005</i>
AMRAAM	100	75	75	75	75	75
JSOW	454	636	762	739	663	574
SLAM-ER	20	30	30	30	30	30
AIM-9X	—	63	157	283	298	291
JDAM	1,864	672	782	2,331	2,628	2,674

JSOW Unitary Variant continues efforts in FY 2001 associated with replacing the man-in-the-loop feature with Autonomous Target Acquisition to provide the Fleet with an effective and affordable Standoff Outside Point Defense capability. Joint Direct Attack Munition (JDAM) full rate production continues in FY 2001. This munition will answer the need identified during Operation Desert Storm for a more accurate weapon delivery capability in adverse weather conditions and from medium and high altitudes.

Also refer to Appendix B for more information:

Aircraft Procurement, Navy

Weapons Procurement, Navy

Procurement of Ammunition, Navy and Marine Corps

Table

B-11

B-12

B-16

MINE WARFARE

Mine warfare remains a critical element of the Department's modernization program. In keeping with the emphasis on organic mine warfare, the budget includes full funding to meet scheduled battle group deployments while maintaining full funding for dedicated mine warfare programs. Specific programmatic adjustments have been incorporated in the FY 2001 budget in an effort to further strengthen this transition. In particular, the budget funds development of Very Shallow Water Unmanned Undersea Vehicles

Prepare now for an uncertain future ...

(VSW UUV), restructures the Remote Mine Hunting System (RMS) to reflect improved cost estimates and maintain the IOC, accelerates procurement of the Remotely Operated Neutralization System (RONS), and accelerates procurement of one AN/AQS-20 from FY 2002 to FY 2001. Additionally, the FY 2001 budget includes funding for development and fielding of several next generation organic Mine Countermeasure (MCM) systems including the Airborne Laser Mine Detection System (ALMDS), the Airborne Mine Neutralization System (AMNS), the Rapid Airborne Mine Clearance System (RAMICS), the Advanced Deployable System (ADS), and the Shallow Water Breaching Systems/Distributed Explosive Technology (SABRE/DET). Funding is also provided for the development of a single common console for all organic AMCM systems. This action reflects the Navy's intent to establish a mid-term organic mine warfare capability that is fully integrated on the H-60 helicopter. The budget includes an additional \$9.7 million over last years FYDP in support of mine warfare efforts.

C4I PROGRAMS

The central theme shaping the budget for Navy Command, Control, Communication, Computers and Intelligence (C4I) programs is the concept of Information Technology for the 21st Century (IT-21). IT-21 will provide the common backbone for command, control, communications, computers and intelligence systems to be linked afloat, ashore, and to the internet. The C4I evolutionary plan revolves around four key elements: connectivity; a common tactical picture; a sensor-to-shooter emphasis; and information/command and control warfare. Increased funding in FY 2001 continues network connectivity efforts, installing ATM LAN and SATCOM terminals to support network centric warfare capability for deploying battle groups. The principal elements to provide connectivity are Asynchronous Transfer Mode (ATM) local area networks (LANs) afloat and local and regional networks ashore. These networks integrate tactical and tactical support applications afloat with connections to enhanced satellite systems and ashore networks. In line with commercial practices, the Department, through the Navy Marine Corps Intranet (NMCI), is continuing its transition away from the historical stovepipe management of C4I assets towards a unified enterprise approach. In this regard, funding has been increased for Naval Shore Communications to provide base level infrastructure upgrades which are complementary to the NMCI strategy. Specifically, funding for infrastructure outside the continental United States, which is not covered by NMCI, has been increased to ensure the entire DON enterprise moves as one into the 21st Century.

IT-21 connectivity is critical because it provides the managed bandwidth for timely transmission of information. Increased support for Satellite Communications continues expansion of available

... qualitative superiority in warfighting capabilities

bandwidth to the warfighter. Joint UHF MILSATCOM Network Integrated Control System will be completely procured and installed by FY 2004. Funding increases in FY 2001 for SHF terminals, EHF

terminal enhancements and Challenge Athena, which exploit multiplexing techniques, direct satellite broadcast and wideband transmission systems while capitalizing on commercial advancements.

Sensor-to-Shooter focuses on the process of putting a weapon on target. Funding continues in FY 2001 for Advanced Tactical Data Links (ATDLS) and Common High Bandwidth Data Link (CHBDL) to ensure timely transmission of surveillance, targeting, engagement, combat identification, and battle damage assessment information over IT-21 networks. ATDLS is the system for implementing compliance

to have 75% of all units Link-16 compatible by FY 2005.

Information Warfare/Command and Control Warfare (IW/C2W) is the integrated use of operations security, military deception, psychological operations, electronic warfare and physical destruction to deny information to, influence, degrade or destroy an adversary's C2 capabilities, while protecting friendly C2 capabilities against such actions. FY 2001 funding continues for the Cryptologic Equipment and Information Systems Security Program, to provide cryptologic equipment and secure communications equipment for Navy ships, shore sites, aircraft, the Marine Corps, and the U.S. Coast Guard.

Also refer to Appendix B for more information:
Other Procurement, Navy
Procurement Marine Corps

Table
B-14
B-15

MARINE CORPS GROUND EQUIPMENT

This budget continues to address the need to maintain and increase the pace of modernization for Marine Corps ground forces. For the second consecutive year, our budget requested maintains procurement at approximately \$1.2 billion. This level of funding is required at a minimum over the next several years in order for the Marine Corps to replace the entire spectrum of equipment that has reached or exceeded its useful service life.”

Several major replacement, remanufacture and modernization programs are included in this budget, such as the Medium Tactical Vehicle Replacement (MTVR), the Assault Amphibious Vehicle (AAV),

***Transform forces for
the future***

Reliability, Availability, and Maintainability /Rebuild to Standard (RAM/RS) program and the Lightweight (LW) 155 mm Howitzer, a replacement of the aging, operationally deficient M198 howitzer. The Marine Corps is also

beginning procurement of the M88A2 Hercules. The Hercules is a joint Army and Marine Corps product improvement program which reuses the fielded M88A1 hull and installs a new upgraded engine, transmission, hydraulics, and suspension to support recovery operations of vehicles weighing up to 70 tons. This budget provides for the accelerated procurement of High Mobility Multi-purpose Wheeled Vehicles (HMMWVA2s) that will update the current aging inventory. The FY 2001 budget also funds the continuation of the AAV7A1 RAM/RS program to provide a cost-effective method to sufficiently bridge operational requirements until the Advanced Amphibious Assault Vehicle (AAAV) replaces the AAV7A1. The continued multiyear procurement of the Javelin Missile, a medium range, man-portable, anti-tank weapon to replace the Dragon system is also provided for in the FY 2001 budget along with the Predator, a short range, lightweight, disposable, main-battle tank killer. Additionally, the FY 2001 budget funds the rapid acquisition program (RAP), establishing a mechanism to accelerate development and procurement of technology.

Major Marine Corps Ground Equipment Procurement Quantities

	<i>FY 2000</i>	<i>FY 2001</i>	<i>FY 2002</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>FY 2005</i>
<i>MTVR</i>	788	2,027	1,946	1,853	—	—
<i>HMMWVA2</i>	1,918	1,859	2,130	2,444	2,307	3,584
<i>LW155</i>	--	--	70	185	195	--
<i>Javelin</i>	998	293	--	--	--	--
<i>Predator</i>	--	698	777	1,156	1,982	2,093

The Marine Corps Ground Training Ammunition Review Group (GTARG) conducted a thorough review of ammunition training requirements, and significantly reduced requirements across the

FYDP without affecting readiness. This FY 2001 budget reflects both the reduced requirements identified by GTARG, and the continuing effort to reach the Marine Corps goal of satisfying the Combat Requirement through the FYDP while meeting the annual ammunition training requirements.

Significant resources in the FY 2001 Research and Development budget are dedicated to the AAV, which will replace the twenty-eight year old Assault Amphibious Vehicle. Smart Work initiatives have been budgeted in the AAV program which are designed to reduce the production and operational support costs by providing engine producibility enhancements and design simplifications.

The FY 2001 RDT&E budget continues to finance the Marine Corps led experimentation with future tactics, concepts and innovations involving both Marine and Navy forces. The Marine Corps Warfighting Laboratory is the centerpiece for operational reform in the Corps, investigating new and potential technologies and evaluating their impact on how the Marine Corps organizes, equips and trains to fight in the future. Additionally, as the DoD Executive Agent for Non-lethal Weapons (NLW), the budget continues to finance NLW research and development. In the FY 2001 budget, we seek to leverage developing and emerging technologies that have applications across the spectrum of warfare. Specific R&D efforts will focus on Non-Lethal Warfare capabilities that are counter-personnel and counter-material in nature.

Also refer to Appendix B for more information:
Procurement, Marine Corps
Procurement of Ammunition, Navy and Marine Corps

Table
B-15
B-16

RESEARCH AND DEVELOPMENT SUPPORT

The Department's Science and Technology program sustains U.S. Naval superiority by providing new concepts and technological options and the means to exploit scientific breakthroughs. The program supports high risk, high payoff technologies that could significantly improve the warfighting capabilities of naval forces not currently under development or deployed in the Fleet and Fleet Marine Forces. Science and Technology funding in FY 2001 generally remains at the FY 2000 President's Budget level.

The Basic Research program seeks to increase knowledge and understanding across the full spectrum of long-term Department of the Navy needs. Research is conducted to ensure that both cutting-edge scientific discoveries and the general store of scientific knowledge are optimally used to develop superior naval equipment,

***... exploiting the
Revolution in Military
Affairs ...***

strategies, and tactics. The FY 2001 budget increases Basic Research (6.1) funding by 4.6 percent, excluding inflation, over the FY 2000 President's Budget level. While a portion of these funds support in-house efforts, the majority support university and other researchers in the areas of ocean sciences, advanced materials, and information systems.

Applied Research (6.2) and Advanced Technology Development (6.3) efforts include initiatives focused toward the solution of specific naval problems, short of major development projects. Technology demonstrations reflect the naval focus to transition near-term, risk-reducing and emerging technologies to operational Fleet units faster and at less total cost than traditional development programs. Special focus areas for FY 2001 Applied Research include: Extending the Littoral Battlespace; use of unmanned underwater vehicles (UUVs) for explosive ordnance detection; and oceanographic influences on mine countermeasure systems.

Advanced Technology Development programs focus on demonstrating technologies in those same key Naval technology areas, as well as manpower and medical applications. The majority of these funds are spent on actual pilot projects and test beds which demonstrate advanced technology capabilities applicable to meeting requirements. Such efforts include demonstrating: new ship propulsion systems, advanced weapons technologies, cutting edge technology for aircraft and weapons integration, logistics deployment techniques and technologies, state-of-the art mine and expeditionary warfare technologies such as those developed at the Marine Corps Warfighting Laboratory, and advanced battlefield casualty assessment and treatments. Particular areas of focus in FY 2001 for Advanced Technology include: automation to reduce manning for future ships; Cruise Missile Defense; Marine Corps warfighting experimentation;

and development and demonstration of mine warfare technology. If successful, these demonstrations will transition into full scale development programs or directly into the Fleet if no further development is required.

RDT&E Management Support (6.6) provides funding for installations required for general research and development use. These efforts include the test and evaluation support programs required to operate the Navy's test range sites, R&D aircraft and ship funding, and threat simulator development efforts. This funding level reflects required R&D infrastructure support commensurate with overall Navy force structure and facilities and management consolidations. Seventy-five percent of this funding, or about \$474 million in FY 2001, supports the Major Range and Test Facilities Base (MRTFB), necessary to conduct independent test and evaluation assessments for all Navy ship, submarine, aircraft, weapons, combat systems and other development, acquisition and operational system improvements. Increases for ship, aircraft, test and evaluation support over the FY 2000 level are required to support continued testing of major development programs such as the Joint Strike Fighter, SLAM-ER, and the F/A-18 Integrated Defensive Electronic Countermeasure (IDECM) System.

The remaining categories of research are platform-related and have been discussed as applicable in the previous sections. Table 15 provides summary data for the major DON Research, Development, Test and Evaluation, Navy efforts.

Table 15
Department of the Navy
Research, Development, Test and Evaluation
(In Millions of Dollars)

Significant RDT&EN Areas	FY 1999	FY 2000	FY 2001
Operational Systems Development	\$2,179	\$1,997	\$2,000
Science and Technology	1,475	1,750	1,463
Basic Research	(354)	(374)	(397)
Applied Research	(551)	(622)	(527)
Advanced Technology Development (ATD)	(570)	(754)	(539)
RDT&E Management Support	727	641	632
Joint Experimentation	0	43	50
 Major Platform Efforts:			
Joint Strike Fighter	\$471	\$240	\$428
DD-21	121	161	305
C4I	324	287	272
F/A-18	295	321	248
CVX	19	181	235
New Attack Submarine	227	248	207
V-22	336	182	148
UH-1Y/AH-1Z	117	183	140
Cooperative Engagement Capability	190	190	119
TOMAHAWK	150	141	91

Also refer to Appendix B for more information:
 Research, Development, Test and Evaluation, Navy

Table
 B-17

This page intentionally left blank.

SECTION IV - INFRASTRUCTURE

The Department of the Navy is actively pursuing initiatives such as shore facility regionalization, strategic sourcing and privatization. All of these efforts are focused on improving the efficiency and performance of the support infrastructure.

BASE REALIGNMENT AND CLOSURE II, III & IV

The BRAC process is a major tool for reducing the domestic base structure and generating savings. The BRAC program remains on schedule for all closures and realignments. Continuing to balance the Department's force and base structures by eliminating unnecessary infrastructure is critical to preserving future readiness. The Department of the Navy supports the need for additional base closures.

Streamline the DOD Infrastructure ...

BRAC II - The 36 bases covered by BRAC II completed operational closure or realignment by the end of FY 1998. With the completion of these closures, the majority of funding in the FY 2001 budget supports critical environmental restoration efforts at such locations as Naval

Chart 10 - Base Realignment and Closure

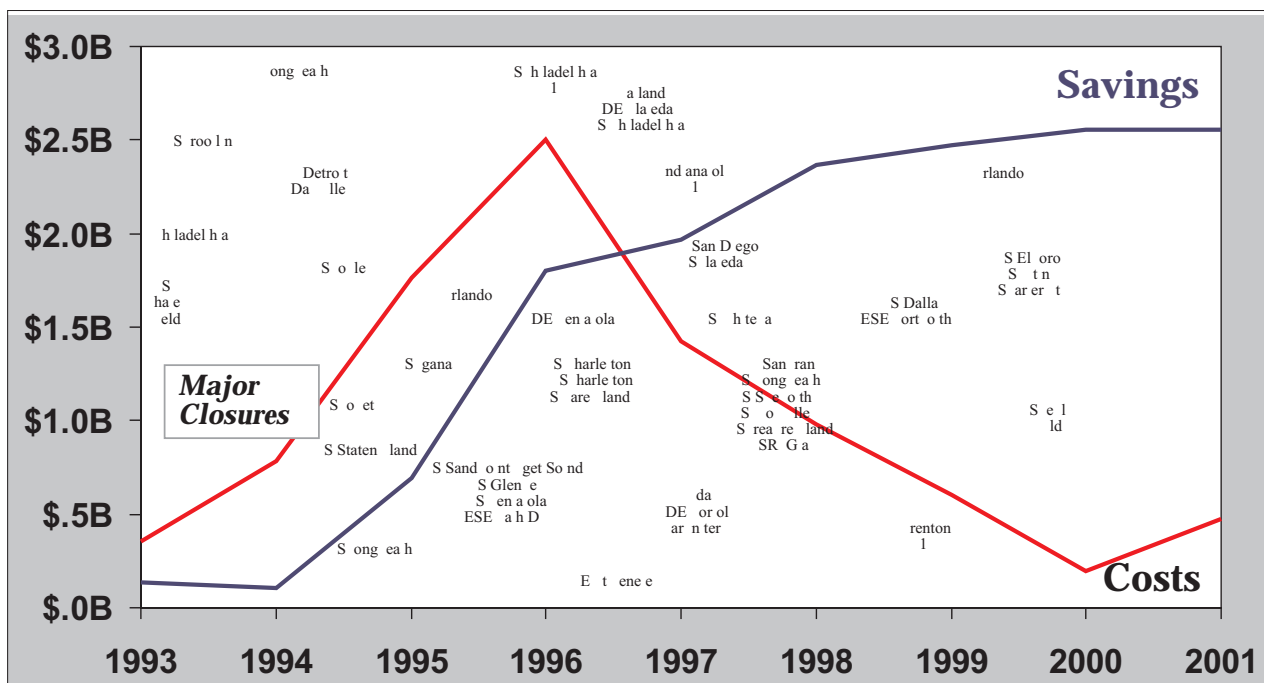


Chart 10 portrays BRAC savings and BRAC Costs. FY 1997 reflects the first positive return on BRAC Investments with savings exceeding costs, the trend continues with estimated steady state savings of \$2.6B in FY 2001 and out.

Stations Long Beach and Treasure Island (Hunter's Point Annex) and Naval Air Station Moffett Field.

BRAC III - Base Closure and Realignment III costs reflect the closure or realignment of 91 naval facilities. The Department is committed to make closing facilities available to community reuse groups as fast as possible. Of the 91 naval bases and facilities addressed under BRAC III, the final 6 completed operational closure or realignment in FY 1999. The FY 2001 budget supports key environmental efforts at various locations, including Naval Shipyard, Mare Island; Naval Air Station, Barber's Point; and Naval Air Station, Alameda.

BRAC IV - The BRAC IV budget was developed to achieve cost savings at maximum speed while minimizing disruption to Navy operations. The 44 bases and facilities included in BRAC IV will complete operational closure or realignment by the end of FY 2001. Of the 44 BRAC IV actions, five remain to be concluded. Three minor closures and one realignment will complete in FY 2000. FY 2001 concludes BRAC IV with the realignment of Naval Sea Systems Command headquarters. BRAC IV savings include avoidance of previously anticipated BRAC III costs and savings from operational closures. The FY 2001 budget includes funding for crucial environmental efforts at various locations, including the Fleet Industrial Supply Center, Oakland; Naval Surface Warfare Center, White Oak; and NAS Treasure Island (Hunter's Point).

Appendix Table B-22 reflects anticipated costs for Base Closure II, III and IV. A summary of these costs and savings is shown in the same table.

MILITARY CONSTRUCTION



The FY 2001 Military Construction budget request of \$769 million finances 67 military construction projects for the active Navy and Marine Corps, and 7 projects for the Navy and Marine Corps Reserves. Projects incorporated in the budget request include critical mission and quality of life support improvements like airport taxiways for Naval Air Station Meridian and Naval Air Station Oceana, pier replacements for Naval Station's San Diego and Norfolk, maintenance hangar for Naval Air Station Norfolk, construction of 10 new bachelor enlisted quarters at nine locations in CONUS and overseas, a quality of life support facility at Naval Air Station Sigonella, Italy and various world-wide housing new construction and improvements.

***21st century
infrastructure***

Family Housing is discussed in the people component of Readiness in Section II.

Also refer to Appendix B for more information:
Military Construction, Navy and Naval Reserve
Family Housing, Navy and Marine Corps

Table
B-20
B-21

REAL PROPERTY MAINTENANCE

Real Property Maintenance (RPM) funds repairs, preventive and recurring maintenance, and minor construction of the Navy's shore infrastructure. One indicator measuring the impact of RPM funding is the backlog of maintenance and repair (BMAR), estimated to be \$4 billion Department wide in FY 2001. This budget focuses on repairing aviation and waterfront operational facilities to maintain them in a minimum C-2 readiness status. Included within the FY 2001 RPM budget is \$38.9 million for the demolition of excess facilities. Defense Reform Initiative Directive (DRID) #36 sets a target for the Navy to demolish 9.9 million square feet in excess facilities by the end of FY 2002. The FY 2000 budget includes \$15.8 million from the FY 1999 Emergency Supplemental for real property maintenance. The FY 2000 Real Property Maintenance budget also includes a \$136 million reduction reflecting the total rescission to the O&M appropriations as required by Section 301 of the Consolidated Appropriations Act (PL 106-113).

Table 16
Department of the Navy
Real Property Maintenance
(In Millions of Dollars)

	FY 1999	FY 2000	FY 2001
O&M, Navy and Reserve	\$983	\$1,012	\$1,237
O&M, Marine Corps and Marine Corps Reserve	397	406	457
	\$1,380	\$1,418	\$1,694
QOLE,D (Navy)	133	77	-
QOLE,D (Marine Corps)	35	59	-
	\$168	\$136	-
Total RPM	\$1,545	\$1,554	\$1,694
Asset Protection Index (2% Goal)	1.81%	1.69%	1.81%
Backlog of Maintenance and Repair (BMAR)			
OMN	\$2,710	\$2,990	\$3,245
OMNR	95	120	121
OMMC	709	685	666
OMMCR	8	7	7
Total BMAR	\$3,522	\$3,802	\$4,039

NAVY WORKING CAPITAL FUND (NWCF)

Total FY 2001 cost of goods and services to be sold by the NWCF is nearly \$20 billion. NWCF activities perform a wide variety of functions including Supply Management, Depot Maintenance, Research & Development, Transportation, Base Support and Information Services. The NWCF has initiated some important efforts to improve efficiency and maximize effectiveness. Success in these endeavors is critical to ensuring that the Department can afford both the ongoing support costs of fleet operations and the necessary reinvestment in new platforms and weapons systems.

Many NWCF activities are heavily involved in the Department of the Navy's Strategic Sourcing initiatives and expect to produce savings through actions such as A-76 competitions and functionality reviews. Activities within the Depot Maintenance, Research & Development, and Supply Management areas are also playing lead roles in Enterprise Resource Planning (ERP) pilot projects. ERP is a high priority for the Department and will be used to reengineer and standardize business processes, integrate operations and optimize management of resources. Private industry has had ERP projects in place for a number of years with some spectacular results - both in

... pursuing business practice reforms

terms of operational efficiency and management performance. Another initiative within the NWCF is the realignment of the Naval Computer and Telecommunications Command (NCTC) Information Services

functions into the Space and Naval Warfare Command Systems Centers (SSCs) beginning in FY 2000. The "merger" is expected to result in improved information technology capability by creating one NWCF organization capable of handling life cycle responsibilities from initial design through fleet support. This action capitalizes on the SSCs' skills as the Navy's C4I experts and NCTC's abilities as the Navy's information technology proponents to foster more effective management of information and communications services.

Consistent with the FY 2000 President's Budget, most Ordnance activities began mission funded operation in October 1999, under the auspices of the Commanders-in-Chief of the Atlantic and Pacific Fleets. Only residual NWCF costs will be recorded in FY 2000.

Some other issues affecting the NWCF include Supply material costs, Naval Aviation Depot (NADEP) billing procedures and the NWCF share of Defense Finance and Accounting Service (DFAS) costs. A review of FY 1999 and FY 2000 Supply material pricing revealed that prices were set too low to achieve full cost recovery. The FY 2001 rate calculation corrects for this anomaly and has led to a significant rate increase between FY 2000 and FY 2001. Automated billing procedures at the NADEPs are being revised by DFAS in FY 2000.

This is expected to result in a significant, one-time, acceleration of billing for certain workload. Since both cost and revenue will be affected, this will have minimal real impact on the financial results for the activity group. Finally, the costs for DFAS monthly financial reporting services for all NWCF activities are increasing substantially for FY 2000 (a total of approximately \$65 million). This is due to a revision in billing methods (switching from a fixed charge per monthly report produced to the billing for DFAS labor hours attributed to the preparation of the reports). DFAS has indicated that these increases will be offset by reductions to the costs of financial reporting for other DON appropriations.

Lastly, with respect to the NWCF cash balance, the Department finished FY 1999 over \$230M above the FY 2000 President's Budget forecast. This positive variance was due in large part to additional funding made available for spare parts purchases in the FY 1999 Supplemental. FY 2000/FY 2001 cash levels are forecasted to remain largely within the desired 7 to 10 day requirements range.

Chart 11 - FY 2000/FY 2001 NWCF Cash Forecast

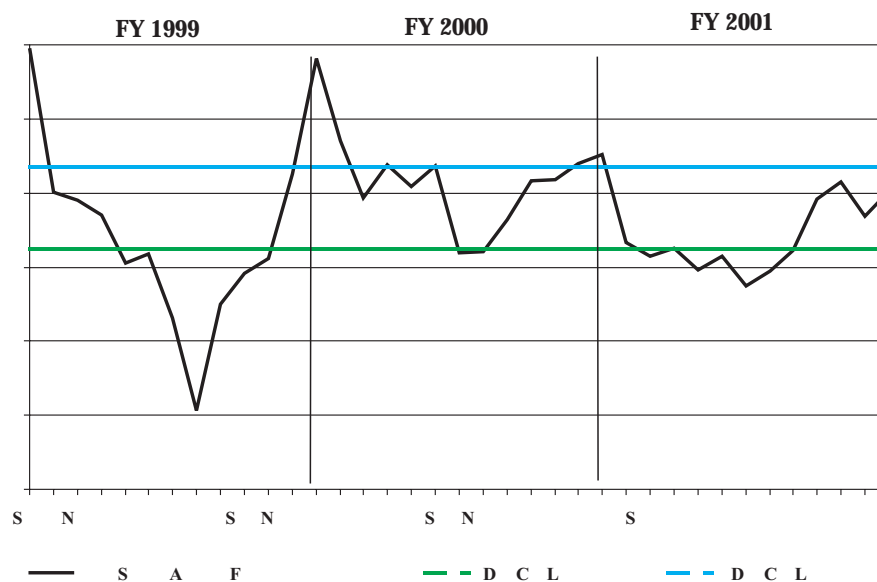


Table 17
SUMMARY OF NWCF COSTS
(In Millions of Dollars)

	FY 1999	FY 2000	FY 2001
COST			
Supply (obligations)	\$5,259	\$6,032	\$6,312
Depot Maintenance - Aircraft	1,466	2,528	1,683
Depot Maintenance - Ships	2,213	1,864	1,855
Depot Maintenance - Marine Corps	182	203	195
Ordnance	235	49	0
Transportation	1,211	1,243	1,305
Research and Development	7,287	6,692	6,801
Information Services	226	210	92
Base Support	1,903	1,615	1,609
TOTAL	\$19,982	\$20,436	\$19,852
CAPITAL INVESTMENT			
Supply Operations	\$37	\$41	\$53
Depot Maintenance - Aircraft	49	41	50
Depot Maintenance - Ships	43	58	61
Depot Maintenance - Marine Corps	4	3	4
Ordnance	3	0	0
Transportation	3	9	7
Research and Development	117	126	126
Information Services	1	1	1
Base Support	19	20	18
TOTAL	\$276	\$299	\$320



CIVILIAN PERSONNEL

The Department of the Navy budget includes the following civilian end strength and workyear estimates:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
End Strength	200,837	197,807	191,638
FTE Workyears	203,519	198,348	192,391

Civilian personnel levels in the Department are at the lowest level since before World War II. The budget reflects the continued downward trend of the civilian work force as a result of reductions in force structure, decreasing workload, management efficiency, and strategic sourcing.

Forty-seven percent of the Department's civilians work at Navy Working Capital Fund (NWCF) activities supporting depot level maintenance and repair of ships, aircraft, and associated equipment, development of enhanced warfighting capabilities at the Warfare Centers of Excellence, and direct fleet transportation, supply, and public works support. A significant number of the civilians funded directly by operations appropriations provide direct fleet support at Navy and Marine Corps bases and stations. The balance provide essential support in functions such as training, medical care, and the engineering, development, and acquisition of weapons systems, all of which are necessary for long-range readiness, including achieving recapitalization plans.

Chart 12 - Civilian Personnel

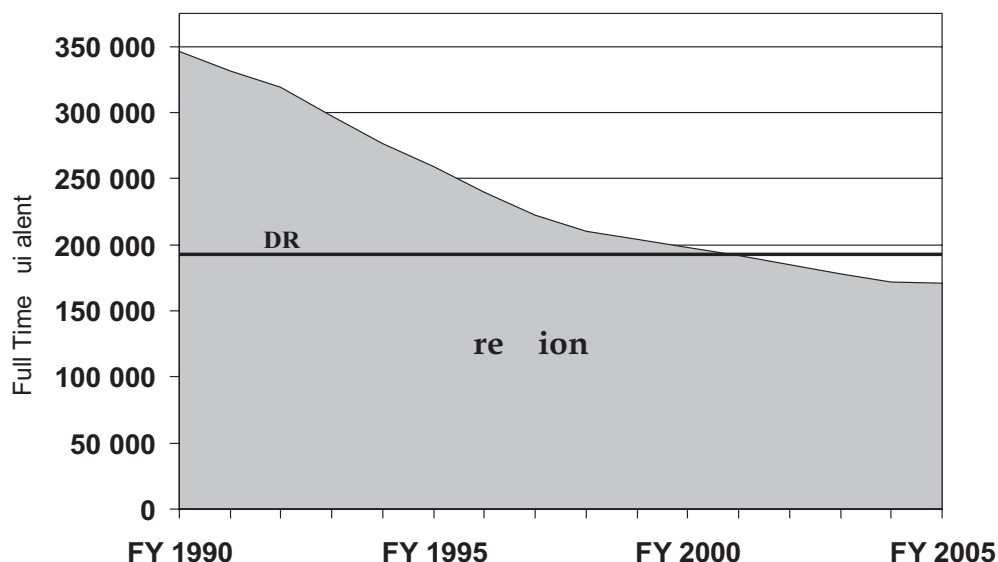


Chart 11 graphically displays Civilian Personnel Full time equivalent reductions from FY 1990 through FY 2005 in consonance with Departmental downsizing and efficiencies.

Civilian workyears are based on workload in the Department's FY 2000 and FY 2001 program and the appropriate mix of civilian and contractor workload accomplishment. The Department's budget projects continued downsizing of the civilian workforce through FY 2005, including a three percent reduction between FY 2000 and FY 2001. This largely reflects the Department's aggressive strategic sourcing program.

A summary display of total civilian personnel resources is provided as Table 18.

Table 18

**Department of the Navy
Civilian Manpower
Full-time Equivalent**

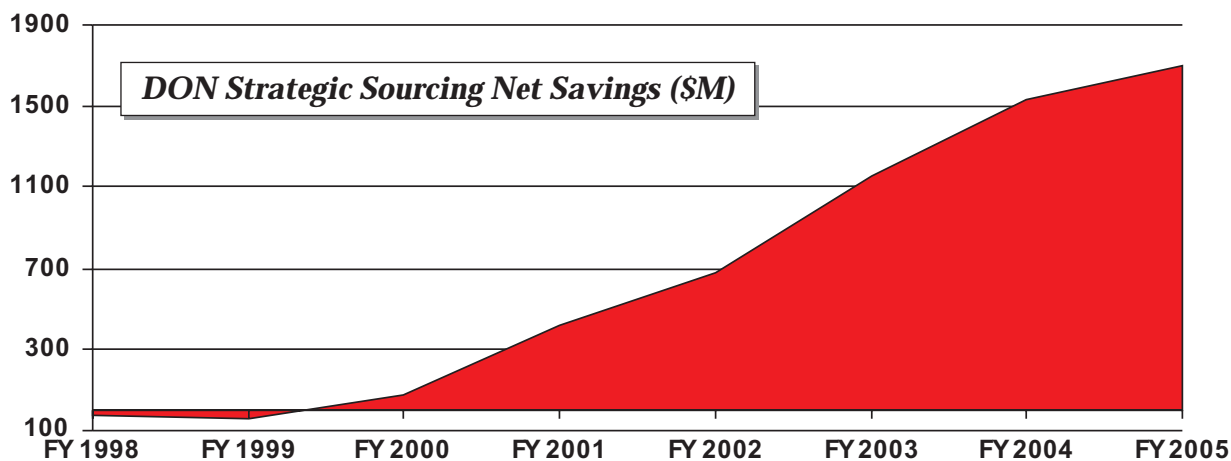
	FY 1999	FY 2000	FY 2001
Total — Department of the Navy	203,519	198,348	192,391
<i>By Service</i>			
Navy	185,786	180,971	175,430
Marine Corps	17,733	17,377	16,961
<i>By Type Of Hire</i>			
Direct	192,664	187,597	181,669
Indirect Hire, Foreign National	10,855	10,377	10,722
<i>By Appropriation</i>			
Operation and Maintenance, Navy	86,259	85,040	81,443
Operation and Maintenance, Navy Reserve	1,927	1,917	1,796
Operation and Maintenance, Marine Corps	15,910	15,339	14,945
Operation and Maintenance, Marine Corps Reserve	152	160	157
Total — Operation and Maintenance	104,374	102,505	98,384
Total — Working Capital Funds	94,532	91,421	89,895
Military Construction, Navy	2,731	2,829	2,481
Research, Development, Test & Evaluation, Navy	1,819	1,533	1,571
Military Assistance	63	60	60
Total — Other	4,613	4,422	4,112
<i>Special Interest Areas</i>			
Fleet Activities	35,073	35,075	34,484
Shipyards	18,117	16,911	17,023
Aviation Depots	10,843	11,239	11,005
Supply/Distribution/Logistics Centers	6,355	5,893	5,776
Warfare Centers	36,475	35,149	34,513
Engineering/Acquisition Commands	18,473	18,455	17,817
Medical	10,995	11,302	10,054

STRATEGIC SOURCING

The Department of the Navy's FY 2001 budget fully supports the goal of the Secretary of Defense to maximize strategic sourcing as a tool to realize savings for modernization and recapitalization. As stated in the Office of Management and Budget Circular A-76 Supplemental Handbook, "the reinvention of government begins by focusing on core mission competencies and service requirements. Thus, the reinvention process must consider a wide range of options, including: the consolidation, restructuring or reengineering of activities... the adoption of better business management practices... and the termination of obsolete services or programs." The DON's Strategic Sourcing Program embodies this approach by reviewing an entire functionality to determine how related functions should best be organized or eliminated to achieve the maximum benefit. While OMB Circular A-76 private/public competitions remain a primary strategic sourcing tool for commercial functions, DON considers elimination, consolidation, restructuring and re-engineering options before making a sourcing decision. Strategic sourcing helps shape the DON infrastructure to meet requirements for the 21st century and achieve savings required to modernize and recapitalize our forces.

The DON has an aggressive Strategic Sourcing Program. Subsequent to the FY 2000 President's Budget, DON refined its objectives and identified in excess of 90,000 civilian and military positions to be reviewed as part of DON's strategic sourcing reinvention process. Additionally, the budget includes significant savings from planned strategic sourcing initiatives. These savings attest to DON's

Chart 13 - Strategic Sourcing



Planned savings due to Strategic Sourcing should exceed \$5.5 billion across the FYDP.

commitment to institutionalize the strategic sourcing process to realize reductions in infrastructure costs. Budget estimates reflect DON strategic sourcing savings exceeding \$5.3 billion across the FYDP. Chart 12 provides DON savings estimates by fiscal year attributable to strategic sourcing.

<i>Strategic Sourcing Studies Initiated</i>	<i>FY 99</i>	<i>FY 00</i>	<i>FY 01</i>	<i>FY 02</i>	<i>FY 03</i>	<i>FY 04</i>	<i>FY 05</i>
<i>Positions to be studied:</i>							
A76	14,229	15,898	10,156	23	59		
Non-A76	13,961	12,435	3,691	1,365	1,250		
<i>Positions to be saved:</i>							
A76	364	4,716	9,907	17,368	24,925	29,613	30,532
Non-A76	42	515	1,413	2,512	2,849	3,504	4,006

This page intentionally left blank.

SECTION V

FINANCIAL SUMMARY

Total Obligational Authority (TOA) has been used throughout this book to express the amounts in the Department of the Navy budget because it is the most accurate reflection of program value. While TOA amounts differ only slightly from Budget Authority (BA) in some cases, they can differ substantially in others. The differences in TOA and BA, as evidenced in the table below, result from a combination of several factors.

TOA vs BA			
<i>(In Millions of Dollars)</i>			
	FY 1999	FY 2000	FY 2001
Receipts and Other Funds	78.3	-245.2	-245.1
Financing Adjustments	-85.1	-638.7	-5.1
Expiring Balances	(178.1)	(0)	(0)
Other Finance Adjustments	(-263.2)	(-637.7)	(-5.1)
Total	-11.9	-882.9	-250.2

Receipts and Other Funds are reflected in BA but not in TOA. Offsetting Receipts include such things as donations to the Navy and Marine Corps, recoveries from foreign military sales, deposits for survivor annuity benefits, interest on loans and investments, rents and utilities, and fees chargeable under the Freedom of Information Act. Trust Funds include funds established for the Navy General Gift Fund, Office of Naval Records and History Fund, Naval Academy General Gift Fund, environmental restoration of Kaho'olawe Island in Hawaii, Ship Store Profits, Midshipman Store, the Naval Academy Museum Fund and the Roosmoor Liquidating Trust Settlement Account.

Financing Adjustments account for many of the differences between TOA and BA. Generally, funding changes are scored as budget authority adjustments in the fiscal year in which the change itself is effective; for TOA purposes, changes are reflected as adjustments to a specific program year, based on the original appropriation. Reappropriations and rescissions involving prior year programs and transfers to prior year programs are all examples of financing

adjustments reflected against different fiscal periods as BA and TOA. Revolving fund and foreign currency transfers are other examples of financing adjustments which count differently in TOA and BA.

Expiring Balances also contribute to the difference between TOA and BA. Expiring balances are funds which were included in BA available for FY 1999 accounts, but were not obligated prior to the end of the fiscal year. These amounts are included in BA totals but not TOA.

The TOA and BA levels for FY 1999 through FY 2001 along with DON outlay estimates, are summarized in Table 19.

Table 19

**Department of the Navy
Summary of Direct Budget Plan (TOA), Budget Authority, and Outlays
(Dollars in Million)**

Account	Total Obligational Authority		Budget Authority		Outlays	
	FY 1999	FY 2000	FY 1999	FY 2000	FY 1999	FY 2000
MPN	16,655	17,254	16,611	17,743	16,331	17,295
MPMC	6,211	6,566	6,200	6,822	6,200	6,533
RPN	1,448	1,473	1,451	1,528	1,422	1,457
RPMC	398	413	401	436	388	408
O&M,N	23,233	22,592	23,290	23,300	20,986	22,244
O&M,MC	2,675	2,712	2,689	2,706	2,486	2,630
O&M,NR	970	964	982	961	980	949
O&M,MCR	127	138	127	134	121	144
ERN	—	283	—	294	—	62
Payment to Kaho'olawe	25	35	25	25	25	35
APN	7,549	8,823	7,632	7,964	6,024	7,210
WPN	1,608	1,402	1,614	1,434	1,279	1,334
SCN	5,937	7,017	5,736	6,807	6,698	5,823
OPN	4,047	4,302	4,055	3,335	3,363	3,873
PMC	857	1,294	862	1,172	592	817
PANMC	467	588	458	430	395	430
Coastal Defense	—	—	—	—	—	6
RDT&E,N	8,942	9,057	8,977	8,477	8,052	9,073
NDSF	680	702	595	388	1,154	743
Oth Rev & Mgt Fnd	2	—	15	—	—	—
Total DOD Bill	81,831	85,614	81,720	85,014	76,495	81,067
MCON	608	930	608	897	674	639
MCNR	32	28	32	28	47	31
FH(Con)	287	339	295	339	334	412
FH(Ops)	908	887	921	887	997	891
BRAC	—	202	—	197	—	608
Total MILCON Bill	1,835	2,386	1,856	2,348	2,052	2,581
Receipts and Other Funds	—	—	86	-245	51	-544
Total, DON	83,666	88,000	83,661	87,117	78,598	83,104
						85,837

This page intentionally left blank.

APPENDIX A

GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

Table A-1

Department of Defense Goals

The Government Performance and Results Act (GPRA) (P.L. 103-62) of 1993 requires federal agencies (e.g. Department of Defense (DOD)) to submit a comprehensive agency strategic plan which identifies major goals and objectives. The Quadrennial Defense Review (QDR) of May 1997 serves as the DOD strategic plan. The FY 2001 Performance Plan is under development and will be submitted to Congress along with the FY 1999 Performance Report. As required by GPRA, the FY 1999 performance report will be submitted to Congress in March 2000 as an appendix to the Annual Report. For FY 2000 and FY 2001, there are two DOD corporate goals of “Shape and Respond” and “Prepare”. These goals remain consistent with the QDR strategy.

Within the Department of the Navy, GPRA has been implemented through the Planning, Programming, and Budgeting System (PPBS). PPBS accommodates the goals of performance planning across the broad spectrum of DON missions. The information below provides page references to performance information contained in this document and in budget justification materials supporting the FY 2000 budget submission

Goal 1: Shape the International Environment and respond to the full spectrum of crises by providing appropriately sized, positioned, and mobile forces.

- 1.1 Support U.S. regional security alliances through military-to-military contacts and the routine presence of ready forces overseas, maintained at force levels determined by the QDR.
 - Naval Overseas Presence 2-1, 2-2, 3-2
 - Chart 3-Naval Forces Today 2-1, 2-3
 - Selected International Acquisition Programs 3-2
 - Marine Corps Overseas Presence. 2-1, 2-2
 - Number of Overseas Exercises 2-1

- 1.2 Maintain ready forces and ensure they have the training necessary to provide the United States with the ability to shape the international environment and respond to the full range of crises
 - Naval Force Levels 2-3, 2-6, 2-7, 2-9, 2-10
 - Table 3-DON Battle Force Ships 2-3
 - Table 4-Reserve Battle Force Ships 2-6
 - Table 5-Strategic Sealift (# of Ships) 2-7
 - Table 7-Aircraft Force Structure. 2-10
 - Navy Personnel Tempo 2-16
 - Marine Corps Force Levels 2-14, 2-15
 - Table 10-Marine Corps Land Forces. 2-14
 - Marine Corps Deployment Tempo. 2-16
 - Number of Flying Hours per Month 2-12
 - Chart 5-Flying Hour Program 2-9
 - Table 8-Flying Hour Program. 2-12
 - Number of Steaming Days per Quarter 2-4, 2-6
 - Chart 4-Active Forces Tempo 2-4
 - Non-Deployed Readiness 2-4
 - Reserve Steaming Days per Quarter 2-6
 - Table 6-Ship Overhaul Backlog 2-8
 - Table 9a-Deployed Squadrons Meeting Goal. 2-13
 - Table 9a-Non-Deployed Squadrons Meeting Goal. 2-13
 - Table 9b-Reserve Squadrons Meeting Goal. 2-13
 - Table 9b-Reserve Engines Backlogged 2-13
- 1.3 Maintain sufficient airlift and sealift capability to move military forces from the United States to any location in the world.
 - Surge Sealift Capacity 2-7
 - Table 5-Surge Sealift Capacity 2-7
 - Table 5-Total Sealift Capacity. 2-7

Goal 2: Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. Qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineer the Department to achieve a 21st century infrastructure.

- 2.1 Recruit, retain, and develop personnel to maintain a highly skilled and motivated force capable of meeting tomorrow's challenges
 - Enlisted Recruiting. 2-17, 2-18, 2-19, 2-20
 - Table 16-QOL Real Property Maintenance 4-4
 - Civilian End Strength/Workyear Estimates 4-8
 - Table 18-DON Civilian Manpower 4-9
 - Quality Benchmarks for Enlisted Recruits. 2-18, 2-19
 - Table 11-Active Navy Personnel 2-18
 - Table 12-Active Marine Corps Personnel 2-19
 - Active Component Enlisted Retention Rates. 2-18, 2-19
 - Table 11-Active Navy Personnel 2-18
 - Table 12 Active Marine Corps Personnel 2-19
 - Chart 6-Active Military Personnel End Strength 2-17
 - Table 13-Reserve Navy Personnel. 2-20
 - Table 14-Reserve Marine Corps Personnel 2-22
 - Chart 7-Reserve Military Personnel End Strength. 2-21
- 2.2 Transform U.S. military forces for the future
 - Annual Procurement Spending. 3-1
 - Chart 2-Trendlines FY 1999-FY 2005. 1-5
 - Chart 8-Shipbuilding and Conversion Programs 3-5
 - Major Surface Weapons Systems 3-2, 3-3, 3-4, 3-5
 - Major Submarine Weapons Systems. 3-4, 3-5, 3-6
 - Chart 9-Aircraft Programs 3-7
 - Major Air Launched Weapons Systems 3-9
 - Major Marine Corps Weapons Systems 3-13, 3-14
 - Table 15-Significant RDTEN Areas 3-17

- 2.3 Streamline the DOD infrastructure by redesigning the Department's support structure and pursuing business practice reforms
 - Unfunded Depot Maintenance Requirement 2-8, 2-13
 - A-76 Competitions 4-10
 - Chart 12-DON Planned Savings due to Strategic Sourcing 4-10
 - Chart 10-Base Realignment and Closure 4-1
 - Table 16-Backlog of Maintenance and Repair (BMAR) 4-4
 - Chart 11-Civilian Personnel 4-8
- 2.4 Meet combat forces' needs smarter and faster, with products and services that work better and cost less, by improving the efficiency of DOD's acquisition processes
 - Cost Reduction/Acquisition Reform/Smart Work Transmittal Letter. 3-1, 3-3

APPENDIX B

SUPPORTING TABLES

Table B-1

Department of the Navy
FY 2001 Budget Summary by Appropriation
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
Military Personnel, Navy	16,655	17,254	17,743
Military Personnel, Marine Corps	6,211	6,566	6,822
Reserve Personnel, Navy	1,448	1,473	1,528
Reserve Personnel, Marine Corps	398	413	436
Operation and Maintenance, Navy	23,233	22,592	23,300
Operation and Maintenance, Marine Corps	2,675	2,712	2,706
Operation and Maintenance, Navy Reserve	970	964	961
Operation and Maintenance, Marine Corps Reserve	127	138	134
National Guard and Reserve Equipment *	(80)	(20)	-
Quality of Life Enhancements *	(168)	(643)	-
Environmental Restoration, Navy	-	283	294
Kaho'olawe Island	25	35	25
Aircraft Procurement, Navy	7,549	8,823	7,964
Weapons Procurement, Navy	1,608	1,402	1,434
Shipbuilding and Conversion, Navy	5,937	7,017	12,297
Other Procurement, Navy	4,047	4,302	3,335
Procurement, Marine Corps	857	1,294	1,172
Procurement of Ammunition, Navy and Marine Corps	467	588	430
Research, Development, Test & Evaluation, Navy	8,942	9,057	8,477
National Defense Sealift Fund	680	702	388
Navy Working Capital Fund	2	-	-
Military Construction, Navy	608	930	753
Military Construction, Naval Reserve	32	28	16
Family Housing, Navy and Marine Corps	1,195	1,226	1,246
Base Realignment and Closure *	(552)	202	477
TOTAL	\$83,666	\$88,000	\$ 91,938

* Reflects the DON portion of Defense-wide appropriations not included in the DON totals.

Note: Totals in tables may not add due to rounding

MILITARY PERSONNEL, NAVY

Table B-2

Department of the Navy
Military Personnel, Navy
(Dollars in Millions)

	FY 1999	FY2000	FY 2001
<i>Pay and Allowances of Officers</i>	4,377	4,546	4,643
<i>Pay and Allowances of Enlisted</i>	10,768	11,201	11,590
<i>Pay and Allowances of Midshipmen</i>	39	38	39
<i>Subsistence of Enlisted Personnel</i>	737	765	780
<i>Permanent Change Station Travel</i>	634	634	617
<i>Other Military Personnel Costs</i>	100	70	73
Total: MPN	\$16,655	\$17,254	\$17,743
End Strength			
<i>Officers</i>	53,538	53,350	53,367
<i>Enlisted</i>	315,180	314,450	314,633
<i>Midshipmen/NAVCADS</i>	4,328	4,000	4,000
Total: End Strength	373,046	371,800	372,000

MILITARY PERSONNEL, MARINE CORPS

Table B-3

Department of the Navy
Military Personnel, Marine Corps
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
<i>Pay and Allowances of Officers</i>	1,314	1,388	1,437
<i>Pay and Allowances of Enlisted</i>	4,269	4,547	4,708
<i>Subsistence of Enlisted Personnel</i>	356	367	408
<i>Permanent Change Station Travel</i>	227	235	238
<i>Other Military Personnel Costs</i>	44	29	32
Total: MPMC	\$6,211	\$6,566	\$6,822
 End Strength			
<i>Officers</i>	17,897	17,860	17,888
<i>Enlisted</i>	154,744	154,658	154,712
Total: End Strength	172,641	172,518	172,600

RESERVE PERSONNEL, NAVY

Table B-4

Department of the Navy
Reserve Personnel, Navy
 (Dollars in Millions)

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<i>Unit & Individual Training</i>	580	591	636
<i>Other Training & Support</i>	868	883	893
Total: RPN	\$1,448	\$1,473	\$1,528
End Strength			
<i>SELRES</i>	73,297	74,124	74,251
<i>Full-time Support</i>	15,875	15,010	14,649
Total: End Strength	89,172	89,134	88,900

RESERVE PERSONNEL, MARINE CORPS

Table B-5

Department of the Navy
Reserve Personnel, Marine Corps
(Dollars in Millions)

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<i>Unit and Individual Training</i>	216	225	245
<i>Other Training and Support</i>	183	188	192
Total: RPMC	\$398	\$413	\$436
End Strength			
<i>SELRES</i>	37,636	37,352	37,297
<i>Full-time Support</i>	2,317	2,272	2,203
Total: End Strength	39,953	39,624	39,500

OPERATION AND MAINTENANCE, NAVY

Table B-6

Department of the Navy
Operation and Maintenance, Navy
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
<u>Operating Forces</u>			
Air Operations	4,160	3,931	4,268
Ship Operations	6,397	6,399	6,334
Combat Operations/Support	1,619	1,548	1,668
Weapons Support	1,362	1,385	1,387
NWCF Support	18	40	19
Base Support	2,741	2,840	3,017
Total — Operating Forces	\$16,297	\$16,143	\$16,693
<u>Mobilization</u>			
Ready Reserve & Prepositioning Force	423	433	428
Activations/Inactivations	498	285	196
Mobilization Preparedness	50	43	44
Total — Mobilization	\$971	\$760	\$669
<u>Training And Recruiting</u>			
Accession Training	153	157	175
Basic Skills & Advanced Training	821	890	913
Recruiting & Other Training & Education	318	348	355
Base Support	496	474	523
Total — Training And Recruiting	\$1,789	\$1,868	\$1,966
<u>Admin & Service-wide Support</u>			
Service-wide Support	1,430	1,313	1,346
Logistics Operations & Technical Support	1,874	1,629	1,728
Investigations & Security Programs	580	583	623
Support of Other Nations	10	8	9
Canceled Accounts	11	-	-
Base Support	272	287	267
Total — Admin & Service-wide Support	\$4,175	\$3,820	\$3,972
Total: O&MN	\$23,233	\$22,592	\$23,300

OPERATION AND MAINTENANCE, MARINE CORPS

Table B-7

Department of the Navy
Operation and Maintenance, Marine Corps
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
<u>Operating Forces</u>			
Expeditionary Forces	1,876	1,932	1,909
Prepositioning	85	82	86
Total — Operating Forces	\$1,962	\$2,014	\$1,995
<u>Training and Recruiting</u>			
Accession Training	90	93	86
Basic Skills & Advanced Training	208	206	206
Recruiting & Other Training & Education	136	142	141
Total — Training And Recruiting	\$433	\$441	\$433
<u>Admin & Service-wide Support</u>			
Service-wide Support	\$280	\$258	\$278
Total: O&M,MC	\$2,675	\$2,712	\$2,706

OPERATION AND MAINTENANCE, NAVY RESERVE

Table B-8

Department of the Navy
Operation and Maintenance, Navy Reserve
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
<u>Operating Forces</u>			
Air Operations	454	409	478
Ship Operations	171	178	130
Combat Operations/Support	28	27	35
Weapons Support	5	5	5
Base Support	208	205	206
Total — Operating Forces	\$866	\$825	\$855
<u>Admin & Service-wide Support</u>			
Service-wide Support	\$104	\$139	\$106
Total — Service-Wide	\$104	\$139	\$106
Total: O&M, NR	\$970	\$964	\$961

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

Table B-9

Department of the Navy
Operation And Maintenance, Marine Corps Reserve
 (Dollars in Millions)

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<i>Operating Forces</i>			
Expeditionary Forces	94	102	99
<i>Admin & Service-wide Support</i>			
Service-wide Support	33	37	35
Total: O&M,MCR	\$127	\$138	\$134

ENVIRONMENTAL RESTORATION, NAVY

Table B-10a

Department of the Navy
Environmental Restoration, Navy
 (Dollars In Millions)

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
Environmental Restoration Activities	–	283	294
Total: ERN	–	\$283	\$294

KAHO'OLAWÉ ISLAND

Table B-10b

Department of the Navy
Kaho'olawe Island
 (In Millions of Dollars)

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
Kaho'olawe Island	25	35	25
Total: Kaho'olawe Island	\$25	\$35	25

AIRCRAFT PROCUREMENT, NAVY

Table B-11

Department of the Navy
Aircraft Procurement, Navy
(Dollars in Millions)

	FY 1999		FY 2000		FY 2001	
	QTY	\$	QTY	\$	QTY	\$
AV-8B (HARRIER)*	11	332	11	300	10	227
F/A-18E/F (HORNET)	30	2,816	36	2,838	42	2,920
V-22 (OSPREY)	7	657	11	922	16	1,208
AH-1W (SUPER COBRA)	-	-	-	2	-	2
SH-60R (SEAHAWK)*	-	-	7	217	4	162
E-2C (HAWKEYE)	3	396	3	383	5	321
CH-60S (VERTREP HELO)	5	135	17	357	15	245
UC-35			2	12		
C-40A	-	-	1	49	-	-
C-37	-	-	-	-	1	50
T-45TS (GOSHAWK)	15	301	15	333	12	274
JPATS	-	-	12	56	21	74
KC-130J (HERCULES)	2	111	1	77	2	155
Modifications	-	1,735	-	1,822	-	998
Spares and Repair Parts	-	731	-	959	-	942
Support Equipment/Facilities	-	334	-	498	-	385
Total: APN	73	\$7,549	116	\$8,823	128	\$7,964

* Remanufactured Aircraft Only

WEAPONS PROCUREMENT, NAVY

Table B-12a

**Department of the Navy
Weapons Procurement, Navy
(Dollars in Millions)**

	FY 1999		FY 2000		FY 2001	
	QTY	\$	QTY	\$	QTY	\$
<u>Missiles(BA1&2)</u>						
TRIDENT II	5	310	12	487	12	463
Tomahawk	624	439	-	0	-	0
AMRAAM	100	50	100	46	75	39
JSOW	328	118	454	115	636	172
SLAM-ER	102	62	20	25	30	28
STANDARD	114	213	86	198	86	170
RAM	95	44	90	45	-	23
ESSM	-	13	-	12	36	40
AIM-9X	-	-	-	0	63	28
Other	-	173	-	266	-	150
<u>Torpedoes (BA3)</u>						
Mk-48 ADCAP	-	49	-	45	-	39
Other	-	42	-	71	-	53
<u>Other</u>						
FLTSATCOM	-	-	-	10	-	171
CIWS & MODS	-	11	-	3	-	1
All Other	-	84	-	82	-	59
Total: WPN		\$1,608		\$1,402		\$1,434

Table B-12b

**Weapons Procurement, Navy
Six-year Plan**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<u>Missiles</u>						
TRIDENT II	12	12	12	12	12	5
AMRAAM	100	75	75	75	75	75
JSOW	454	636	762	739	663	574
SLAM-ER	20	30	30	30	30	30
STANDARD	86	86	108	146	180	207
RAM	90	-	100	100	130	155
ESSM	-	36	85	161	143	161
AIM-9X	-	63	157	283	298	291
TOMAHAWK	-	-	45	90	284	342

SHIPBUILDING AND CONVERSION, NAVY

Table B-13

Department of the Navy
Shipbuilding Conversion, Navy
(Dollars in Millions)

	FY 1999		FY 2000		FY 2001	
	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>
New Construction						
Aircraft Carrier (CVN-77)	-	123	-	750	1	4,076
Attack Submarine (New SSN) (SSN -774)	1	1,950	-	747	1	1,711
Destroyer (DDG-51)	3	2,642	3	2,675	3	3,070
Amphibious Transport Dock Ship (LPD-17)	1	633	2	1,504	2	1,510
Oceanographic Ships (TAGS)	1	60	-	0	-	0
Auxiliary Dry Cargo Carrier (ADC-X)	-	-	1	439	1	339
Amphibious Assault (LHD)	-	44	-	356	-	0
Subtotal	6	\$5,452	6	\$6,471	8	\$10,706
Other						
CVN Refueling Overhauls	-	261	-	345	-	728
SSN RFOH	-	-	-	-	1	283
LCAC/Landing Craft SLEP	-	16	2	32	1	16
Outfitting	-	84	-	171	-	301
Post Delivery	-	122	-	0	-	0
Completion of PY Shipbuilding	-	-	-	-	-	263
First Destination Transportation	-	2	-	0	-	0
Total: SCN	6	\$5,937	8	\$7,017	10	\$12,297

OTHER PROCUREMENT, NAVY

Table B-14

Department of the Navy
Other Procurement, Navy
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
<i>Ships Support Equipment</i>	948	907	573
<i>Communications and Electronics Equipment</i>	1,646	1,952	1,490
<i>Aviation Support Equipment</i>	247	237	205
<i>Ordnance Support Equipment</i>	719	652	498
<i>Civil Engineering Support Equipment</i>	54	69	98
<i>Supply Support Equipment</i>	89	140	162
<i>Personnel and Command Support Equipment</i>	98	71	99
<i>Spares and Repair Parts</i>	244	274	209
Total: OPN	\$4,047	\$4,302	\$3,335

PROCUREMENT, MARINE CORPS

Table B-15

Department of the Navy Procurement, Marine Corps (Dollars in Millions)

	FY 1999		FY 2000		FY 2001	
	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>
Weapons & Tracked Combat Vehicles						
AAV7A1	170	90	170	80	170	83
Mod Kits (Tracked Vehicles)		8		83		21
LW155		-		-		11
Improved Recovery Vehicle		-		-		43
Other		6		10		19
Guided Missiles						
Javelin	741	83	998	93	293	29
Pedestal Mounted Stinger		3		-		11
Predator (SRAW)		-		-	698	43
Other		-		3		5
Communication & Electronics						
Third Echelon Test Sets		29		29		5
Radio Systems		46		96		3
Digital Technical Control (DTC)		18		34		-
Tactical Data Network (TDN)		34		21		-
Network Infrastructure/Base TeleCom Infrastructure		114		123		81
Mobile Electronic Warfare Support Systems		21		8		5
Intelligence Support Equipment		10		19		12
Night Vision Equipment		24		17		14
Common Computer Resources		-		104		81
Other		99		94		71
Support Vehicles						
HMMWVA2	15	2	1,918	124	1,859	124
Medium Tactical Vehicle Replacement (MTVR)	240	70	788	138	2,027	326
Other		95		21		37
Engineer and Other Equipment		78		166		123
Spares & Repair Parts		27		31		25
Total: PMC		\$857		\$1,294		\$1,172

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

Table B-16

***Department of the Navy
Procurement of Ammunition, Navy and Marine Corps
(Dollars in Millions)***

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<i>Navy Ammunition</i>	287	396	296
<i>Marine Corps Ammunition</i>	180	192	134
<i>Total: PAN&MC</i>	<i>\$467</i>	<i>\$588</i>	<i>\$430</i>

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

Table B-17

Department of the Navy
Research, Development, Test and Evaluation, Navy
 (Dollars in Millions)

	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<i>Basic Research</i>	354	374	397
<i>Applied Research</i>	551	622	527
<i>Advanced Technology Development (ATD)</i>	570	754	539
<i>Demonstration & Validation (DEM/VAL)</i>	2,427	2,367	2,230
<i>Engineering & Manufacturing Development</i>	2,135	2,302	2,152
<i>RDT&E Management Support</i>	727	641	632
<i>Operational Systems Development</i>	2,179	1,997	2,000
Total: RDT&E,N	\$8,942	\$9,057	\$8,477

NAVY WORKING CAPITAL FUND

Table B-18

Department of the Navy
Navy Working Capital Fund
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
Facility Repair*	2	-	-
Total: NWCF	\$2	-	-

*As part of the FY1999 Emergency Omnibus Supplemental Appropriation, the NWCF received funds for the repair of damages due to Hurricane Bonnie and Hurricane Georges.

NATIONAL DEFENSE SEALIFT FUND

Table B-19

Department of the Navy
National Defense Sealift Fund
(Dollars in Millions)

	FY 1999		FY 2000		FY 2001	
	QTY	\$	QTY	\$	QTY	\$
Sealift Acquisition	2	351	1	347	-	-
DoD Mobilization Assets	-	62	-	94	-	122
Research & Development	-	7	-	4	-	7
Ready Reserve Force	-	260	-	257	-	259
Total: NDSF	2	\$680	1	\$702	-	\$388

MILITARY CONSTRUCTION, NAVY AND NAVAL RESERVE

Table B-20

Department of the Navy
Military Construction
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
Significant Programs			
Operational & Training Facilities	129	317	290
Maintenance & Production Facilities	55	70	65
R&D Facilities	34	36	40
Supply Facilities	14	21	0
Administrative Facilities	11	35	35
Housing Facilities	171	254	192
Community Facilities	39	48	50
Utility Facilities	48	54	3
Pollution Abatement	36	21	7
Unspecified Minor Construction	10	8	8
Planning And Design	61	72	63
Total: Navy	\$608	\$930	\$753
Naval Reserve			
Operational & Training Facilities	5	20	10
Maintenance & Production Facilities	8	1	1
Supply Facilities	-	2	1
Housing Facilities	11	-	-
Administrative Facilities	4	-	-
Unspecified Minor Construction	1	3	-
Planning And Design	3	3	1
Community Support Facilities	-	-	3
Total: Naval Reserve	\$32	\$28	\$16

FAMILY HOUSING, NAVY AND MARINE CORPS

Table B-21

Department of the Navy
Family Housing, Navy and Marine Corps
(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
Navy			
Construction	243	226	295
O&M	756	748	737
Total: Navy	999	974	1,032
Marine Corps			
Construction	44	114	68
O&M	152	138	146
Total: Marine Corps	196	252	214
Total: FH,N&MC	\$1,195	\$1,226	\$1,246
New Construction Projects			
Navy	2	3	6
Marine Corps	-	3	2
New Construction Units			
Navy	312	345	698
Marine Corps	-	359	163
Average Number Of Units			
Navy	61,554	58,143	55,636
Marine Corps	24,124	22,983	23,022

BASE REALIGNMENT AND CLOSURE ACCOUNTS

Table B-22

Department of the Navy
Base Realignment and Closure Accounts
(Dollars in Millions)

COSTS	FY 1999	FY 2000	FY 2001
BRAC II	-	-	-
BRAC III	(237)	84	263
BRAC IV	(315)	118	214
Total: BRAC*	(\$552)	\$202	\$477

*FY 1999 Funds in Defense-wide account

SAVINGS	FY 1999	Annual Steady State
BRAC II	466	466
BRAC III	1,360	1,360
BRAC IV	643	732
Total: Savings	\$2,469	\$2,558

This page intentionally left blank.